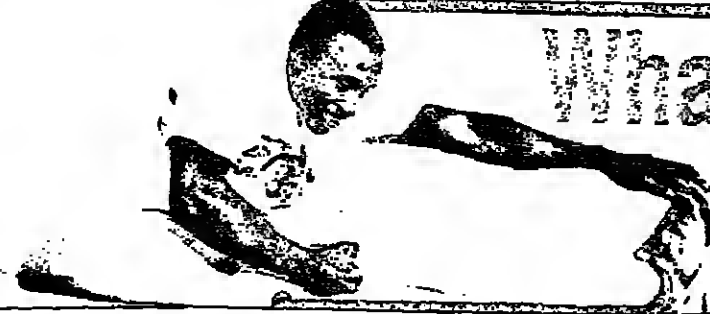


Ruth Picardie
on cover girls

Section Two, page 4



What makes
Linford run?

Exclusive interview, page 20



THE INDEPENDENT

3.037

FRIDAY 12 JULY 1996

WEATHER Cloudy with limited sunshine

40p (IR 45p)

The present is Orange

DAVID McKITTRICK
Ireland Correspondent

A uneasy, and sometimes fractured calm was restored to Northern Ireland last night by the sudden RUC U-turn which saw hundreds of riot police forcing an Orange march through a Catholic area of Portadown, Co Armagh.

The move led to the abandonment of the scores of loyalist protests which had for four days disrupted normal life, led to more than a hundred injuries and caused widespread destruction of property.

But it was achieved at the cost of fierce criticism of police by local residents and others. Na-

The RUC yesterday issued the following statistics, covering the period from 7 July up to 6am yesterday morning.

- Arrests: 156
- Attacks on police: 758
- Injuries to police: 65
- Injuries to civilians: 53
- Plastic bullets fired: 662
- Intimidation of police: 68
- Intimidation of civilians: 16
- Police said 150 roads had been blocked in the 12 hours up to 6am yesterday

tionalist Ireland united in protest, with political and church leaders denouncing the decision.

The move to allow the march through the Catholic Garvaghy Road district was taken by RUC Chief Constable, Sir Hugh Annesley, who on Sunday ordered his men to stop Orangemen from using the route. In the four-day stand-off which followed, Orangemen faced riot police across barbed wire barricades at Portadown, while elsewhere the protests spread.

When an attempt to reach a negotiated settlement failed yesterday morning, Sir Hugh feared that the 12 July marches today, the highlight of the Orange calendar, which brings tens of thousands of Orangemen on the streets, would erupt into a widespread breakdown of law and order.



They shall pass: Orangemen marching along the Catholic Garvaghy Road yesterday after a four-day stand-off and violent protest across Northern Ireland Photograph: Peter Macdarmid

Hundreds of riot police were thus sent into Garvaghy Road to clear the road of residents staging a sit-down protest. Police fired plastic bullets at rioters as about 1,300 Orangemen made their way down the road.

Sir Hugh explained: "I was left with the potential situation of tens of thousands of Orangemen facing thousands of police and soldiers. There was a bulldozer, perhaps the

potential for more, and I had to look at the implications if there was a determined thrust on the police lines. It could have led accidentally or otherwise to loss of life.

"After five days of deteriorating public order, we were faced with the situation of 10,000 Orangemen lined up against thousands of police and soldiers. There was a potential risk to life. I was not prepared

to risk the loss of a single life for the sake of re-routing that march."

Sir Hugh's performance was seriously criticised last night. One senior public figure said: "This is terrible. The image of Northern Ireland has taken a real pounding. Either the march should have been let through from the word go, or Annesley should have stuck to his guns."

The episode has left community relations in tatters and much bitterness in its wake. The ability of the security forces to enforce law and order is in serious question, while the issue of contentious parades remains unresolved.

There was rioting around Garvaghy Road after the march passed, and last evening, as loyalist areas quietened down, there were disturbances in a number of republican districts.

Police saturated the Catholic Lower Ormeau area of south Belfast, the scene of many marching season clashes, in anticipation of trouble with a march which is scheduled to pass through today.

An attempt by residents to get a High Court injunction to prevent the march was unsuccessful yesterday.

Sir Hugh was strongly criticised by both nationalists, who said he should not have reversed his original decision, and by unionists, who said he should never have banned the march in the first place. DUP MP Peter Robinson described him as "pig-headed".

Both the Taoiseach, John Bruton, and the Catholic Cardinal, Dr Cahal Daly, expressed grave concern at the decision. Dr Daly, who was involved with Protestant church leaders in un-

An Ulster boyhood

On the morning of the Twelfth, my maternal grandfather would make toast on a fork by the open grate and fill our sleepy heads with the Apprentice Boys sacrifice: "They were so hungry they ate the rats. But they did not bow the knee. 'No Surrender' they said and 'No Surrender' they meant." I ever liked being dragged from my bed extra early, despite the morning of the Twelfth arriving hard on the heels of the Eleventh, Bonfire Night. The night before would be spent burning the Pope and various contemporary politicians, in effigy, on wasteland or in the middle of our narrow streets, atop small mountains of planks, crates and discarded settees (we'd search the back and sides for money and always find some)...

We'd roast potatoes and swig Barr's American Cream Soda, and chant ("No Pope Here! Nor Holy Water! No Home Rule For Ireland!", "We are the People!", "Ulster Says No!", "Kill the Fenian Bastards!"). The adults would hover nearby, bright-eyed with drink, the taciturn men for once talkative and cheery, and the women, young and pretty but already running to fat, awash with unaccustomed colour, the reds, hot pinks and defiant whites prepared to compete, come the moment, with the lads' orange sashes.

— John Lytle, page 21

successful attempts to reach a negotiated settlement, described it as a serious mistake. Mr Bruton said he would be contacting John Major for an explanation.

In the Commons, the Northern Ireland Secretary, Sir Patrick Mayhew, said there would be an independent review of how parades could be held peacefully in the future.

Power of the street, page 2

Britain attacks US bar on Cuba links



RUPERT CORNWELL
and ANDREW MARSHALL

One of the worst transatlantic rows in a decade exploded into the open yesterday, over an American anti-Cuba campaign which has meant two Britons will be refused entry to the United States.

The US has told nine executives of the Canadian mining company Sherritt International that they will be barred from visiting. Two are British — the former Bank of England deputy Governor Rupert Pennington-Rea, and Sir Patrick Sheehy, former non-executive chairman of BAT Industries.

"By penalising the investment interests of its closest allies, the United States is damaging transatlantic relations and giving comfort to those it seeks to challenge," Ian

Lang, the Secretary of State for Trade and Industry, told the American Chamber of Commerce in London yesterday. "We are under considerable pressure to introduce counter-measures." The Foreign Office said the two men's business dealings were "entirely legitimate in the eyes of the British, Canadian and Cuban governments".

In Washington, Britain delivered a fiercely worded protest to the State Department over what one diplomat called the "disgraceful and preposterous" blacklisting.

It is not just the content of the US actions which has so angered Britain and other countries. The US regularly claims to be able to apply its laws to companies outside its jurisdiction, a practice known as extrajurisdictionality. "US arrogance is

what really sticks in the throat," one lawyer said yesterday. A series of damaging disputes over financial services, trade with the former Soviet Union and taxation has regularly bedevilled transatlantic ties over the last few years. But Britain and Europe seem less willing this time to give in to what they regard as American blackmail.

"Although we support the United States' aim of bringing about democracy in Cuba... we reject these methods," Mr Lang said yesterday.

The US aim is to prevent foreigners from doing business in Cuba. Sherritt has assets there which the US claims were confiscated from Americans after the Cuban revolution, and the Helms Burton Act allows for a graduated series of sanctions to penalise such companies. The other two companies likely to

suffer the same fate as Sherritt are the Italian telecoms group Stet and the Mexican mining company Grupo Domo.

The Government is studying a range of possible moves to retaliate. Tit-for-tat bans on individual American citizens seeking to visit Britain, would be hard to introduce. More likely, officials say, is a strengthening of the little-used Protection from Trading Restraints act, which permits recovery in British courts of damages suffered abroad.

A formidable batch of countermeasures are being planned around the world. The European Union, President Jacques Santer will write to President Bill Clinton spelling out the threat to retaliate, and officials in Brussels will present a list of options to EU foreign ministers on Monday.

QUICKLY

Kent murder inquiry
Detectives investigating the murders of Lin Russell and her daughter, Megan, have not ruled out the possibility that they might have been planned by a local man. There does not appear to have been a sexual motive for the attack. Page 3

Mandela forgives
Nelson Mandela yesterday forgave British leaders who regarded him as a terrorist as he told peers and MPs at Westminster that he had returned to Britain in friendship. Page 9

Dylan's deep love
Dylan Thomas's last letters to his wife Caitlin were sold at Sotheby's yesterday for £12,650. His final outpourings revealed his deep love for his wife and his guilt about his adultery and heavy drinking. Page 11

The hirsute of higher intelligence

GLENDIA COOPER

Tom Jones has long been a symbol of raunchiness, tight trousers and Cuban heels. But, according to new research, his excessive body hair could also mean he has high intelligence.

It seems we have been wrong to write off medallion man. Dr Aikarakudy Alias, a psychiatrist, who has been working on the relationship between body hair and intelligence for 22 years, told the eighth Congress of the Association of European Psychiatrists yesterday that hairy chests are more likely to be found amongst doctors and the highly educated than in the general population.

His research amongst medical students in America found that 45 per cent of male trainee



Treasured chests: Taking the rough with the smooth



doctors were "very hairy", compared with less than 10 per cent of men generally. In Kerala, southern India, research among medical and engineering students and manual labourers showed that both groups of students had more body hair on average than manual workers.

In addition, "When academic ranking amongst students was examined, the hairier men got better grades," said Dr Alias. The top six engineering graduates had more hair than the bottom eight.

And a study of 117 Mensa members (who have an IQ of at

least 140) were also found to have a tendency to thick body hair. Some of the most intelligent men appeared to be those who had hair on their backs as well as on their chests.

Dr Alias, who kept his shirt firmly buttoned up yesterday, cited Robin Williams, Peter Sellers, the chess player Garry Kasparov and Charles Darwin as hairy men of high intelligence. In comparison, he said, "Look at Muhammad Ali: boxers are not at all hairy."

He did hold out some hope for the smooth-skinned, however. "Men with plentiful body hair tend to be more intelligent, but there are also very intelligent men with little or no body hair. Albert Einstein had no body hair."

Psychiatry conference, page 7

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Punters taken for a ride in punt wars

CLARE GARNER

The days of happy families of punters respectfully doffing their boaters as they glide down the sleepy River Cam are gone. These days, it seems, the river folk are more likely to throw their boaters at one another. And it's all because of rivalry in the punt proprietors' world.

Cambridge is home to jolly punting pimps, who, by 10am, can be seen marching across the meadows, desperately plying their trade. Unsuspecting tourists are badgered before they've stepped off their coaches and foreign students are taken aback by the punters' "Mediterranean manner".

Trouble flared up earlier this year when Cambridge City Council woke up to the fact that Independent Punts, a small company with seven boats, had been operating from outside the Spade and Bucket pub for the past six years without paying a penny in rent. The mooring site was promptly put out for tender and won by Scudamores Boat Yard, the city's oldest

River rivalry: Punt owners are sinking boats to win trade

punting company. Both sides have since been driven to desperate measures - stealing customers, sinking punts, building barricades and hurling abuse.

Scudamores, which has been leading punts since 1910, tried to block Independent Punts' access to the river by chaining a string of the boats together at Laundress Green. But Independent Punts has taken to settling all hire payments in their boats in an effort to circumvent the rules.

"Don't exchange money on land, will you?" whispered Nick Maszychik, manager of Independent Punts, to a novice embarking on his first voyage. "It's a sackable offence," he explained. "We've been issued with commercial river licences by Cam Conservators so if we do all our transactions actually on the water we're not touting on council land." Independent Punts fears its seven-

year-old business will soon be swallowed up by the bigger fish. Meanwhile, the petty feud is getting increasingly personal.

Said Mr Maszychik: "James MacNaghten (Scudamores proprietor) is trying to buy up the whole bloody river. He's already got three-quarters of the

site. He's a rich boy passing through town who saw lots of money and is gobbling it up."

James MacNaghten is unapologetic. "Elliot (owner of Independent Punts) blames us for loss of his mooring, but it's his own fault. It's between him and the council." Surveying his fleet of 140 punts, he added: "We're not into poaching moorings. If Independent Punts had been allowed to tender, we would not have bid."

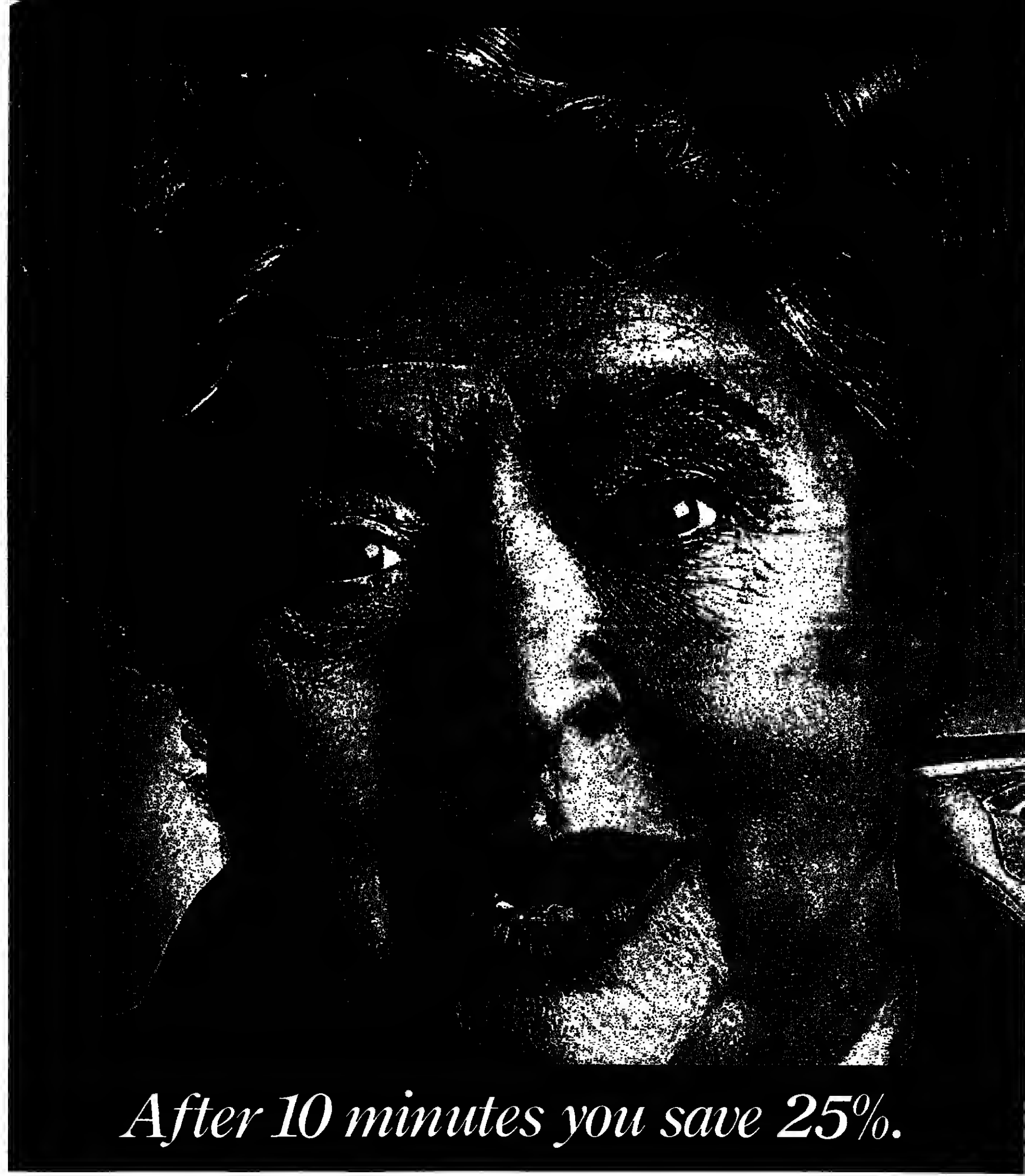


Water fight: Keen tourists approach tourists leaving their coaches for river business, and (right) skirt round local laws with cash-in-hand payment



Photographs: Brian Harris

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Stores ordered to recycle waste packaging

NICHOLAS SCHOON
Environment Correspondent

Britain's supermarkets will soon be legally obliged to recycle up to an eighth of the packaging waste that their millions of customers throw into dustbins.

New laws will compel the retail giants to join new corporate organisations charged with the task of boosting recycling by financing the spread of neighbourhood collection banks and large plants where plastic, glass, metal and paper are separated out of raw household refuse.

The draft waste-packaging regulations - published yesterday by the Secretary of State for the Environment, John Gummer - will become law next year. They will cost industry between £300m and £635m a year to implement by the year 2000, according to his department.

Mr Gummer said the rules could add between 5p and 25p to a typical family's weekly shopping bill of £50. "But the shopping may end up costing less if all goes the way we hope it will," he said.

In the long run, increased recycling could bring down the cost of packaging.

The new regulations will apply to every company banding more than 50 tonnes of packaging a year - from the manufacturers of the raw material all the way through the packaging chain to the final retailers.

Although "tiny corner shops" will be excluded, more than 11,000 businesses are expected to be covered by the laws and all will have a legal obligation to recover a proportion of used packaging.

The regulations are needed to comply with the EU's waste packaging directive, which says

that, by 2001, 25 per cent of all packaging waste must be recycled. Furthermore, at least 50 per cent of this waste must be usefully recovered - which includes recycling or burning the material in garbage incinerators to generate electricity.

Although the obligation is shared, the lion's share, 47 per cent, falls on the retailers and the smallest share, 6 per cent, on the raw material manufacturers.

The regulations were devised in close collaboration with business. Their publication yesterday followed more than two years of intensive wrangling between different parts of the packaging chain - with all wanting to minimise their responsibility and costs.

Companies covered by the regulations have two options for complying. They can either do so individually - producing detailed figures on how much packaging they handle and how they much recycle and recover, for inspection by the Government - or they can join a "compliance scheme", a co-operative set up solely to deliver the obligation of individual companies collectively.

One such organisation, called Valpak, already exists in embryo. It has 60 member firms, including supermarkets Tesco and Sainsbury, and reckons that by 2000 it may have thousands of members, together paying £250m a year to boost recycling and recovery schemes.

Whether the regulations actually reduce the amount of packaging used in the first place remains to be seen. The quantity stands at about eight million tonnes a year and continues to rise in line with economic growth.

Hurd warns Tories over dangers of beef election strategy

JOHN RENTOUL
Political Correspondent

Douglas Hurd, the former Foreign Secretary, last night warned Conservatives they faced their "last chance" to unite over Europe and pleaded with them not to make the election a "contest between those who are for Europe and those who are against Europe".

His attack on Euro-sceptics came on the eve of today's expected European Court interim ruling against the British government on the beef ban. Mr Hurd incensed the Tory right by defending the European Court, and the "fundamental principle" that, in the areas covered by the Treaties of Rome and Maastricht, "European law prevails over British law".

Bernard Jenkin, Tory MP for Colchester North, said: "Of course you need rules for the single market and you need a court to adjudicate on those rules", but European law was developing so that "our entire judicial and administrative system becomes answerable to institutions beyond national democratic control".

The court is likely today to reject all the Government's arguments, including its claim that the EU ban on worldwide beef exports is unlawful. The

European Commission argues that if British beef were allowed out of the EU, it could be re-labelled and reimported.

Mr Hurd attacked Tory MPs who had demanded a "beef election", saying: "For a few weeks the Prime Minister was actually urged by some to use diseased cows and contaminated feed as a patriotic rallying cry to bring him victory in the general election."

He told a Conservative Group for Europe dinner that they must not follow a "sincere but misguided section of our supporters into unreality and oblivion" - "though it is late" there was still a chance to "end the sourness and unite".

Ministers who call themselves "Euro-realists" said Mr Hurd's speech was "an attack on the Prime Minister". One said that framing the election campaign in terms of for and against Europe was a "specious juxtaposition - that is not the argument".

Mr Hurd was backed by another former Foreign Secretary, Lord Howe, who attacked the policy of non-cooperation. "We deceive ourselves if we believe that our beef bravado was the cause of the compromise that we had to accept," he told the same meeting. "We cannot be, and never will be, electorally successful as a Euro-sceptic party."

Infanticide: Study highlights the youngest victims of violence

Silent sufferers of domestic tragedy

GLENDIA COOPER

A baby less than a year old is killed on average every 12 days in Britain and they are just as likely to be killed by either parent, according to research. Infants are "silent victims" - four to five times more likely to be killed than people of any other age - Professor Channi Kumar of the Institute of Psychiatry said. Using Home Office statistics from between 1982 and 1988, he discovered that the chances of being a victim of homicide are "maximal" in the first year of life: 20 per cent of those infants are killed on the day they are born.

The killer is nearly always the biological parent. "We have traditionally thought that in-

fanticide is an offence committed exclusively by the mother," Professor Kumar said. "But it is quite astonishing to us that, looking at the statistics, while it appears that on the first day of the child's life the deaths are almost all committed by the mother, after the first day fathers and mothers are equally represented - if anything fathers slightly more so."

Mothers tend to kill their children by less violent means such as suffocation and drowning whereas fathers usually kill their children by damaging them physically. Despite the introduction of the Abortion Act - there are now 100,000 abortions a year - the rate of infanticide has remained fairly constant over the decades.

The present Infanticide Act protects mothers in that it recognises that the balance of mind may be disturbed after childbirth and so sentencing tends to be less severe. Men who kill a baby are more likely to be convicted of murder or manslaughter and sent to prison.

Professor Kumar said that a parent could be driven to kill a child by exposure to violence themselves, loss of control, mental illness or personality disorder. He said it was possible that the number of deaths was under-reported with some of the deaths attributed to Sudden Infant Death Syndrome. Cases such as that of the man convicted last week of killing three of his children were the excep-

tion, however. "It is most commonly a single disaster. It is not usually an offence that is repeated," Professor Kumar said.

He called for more systematic studies of parents who kill their babies to see if there are any common factors, such as psychopathic tendencies or mental illnesses. With more information, deaths could be prevented, he said.

"There is a huge amount of interest when an adult is killed in the community, say by a schizophrenic. This is a problem which might happen once every month, every two months. There is a crisis and we are told we must target the risks. But an infant is killed every 12 to 14 days - that is 30 homicides a year."



Last rub down: Mark Weir, of Amec Construction, prepares the sculptor André Wallace's River God for its unveiling in Newcastle-upon-Tyne today to mark a Year of Visual Arts in the city. Photograph: Tom Finnie / North News

Rise in infertility linked to craze for body-building

LIZ HUNT
Health Editor

The body-building craze sweeping the north-east of England has led to a rise in male infertility linked with anabolic steroid use, according to a new study. Doctors in Newcastle say that scores of young men - some as young as 15 - are taking the drugs for recreational purposes, and are ignorant of the potentially devastating effect on sperm production.

They are advising colleagues at infertility clinics to watch out for men who may be using steroids, and to ask them directly if they take the drugs. The "at risk" group can be easily recognised on examination by their bulky physique and small testicles, the doctors say.

Their report in tomorrow's issue of the *British Medical Journal* details five recent cases of couples attending the infertility clinic at the Centre for Reproductive Medicine at the Royal Victoria Infirmary in Newcastle, in which the men had zero or very low sperm counts after taking steroids.

One 29-year-old whose hobby was weightlifting, said he took oral steroids for two weeks a year before attending the clinic. However, tests suggested continuing steroid use and he admitted to taking a "protein health drink" made up by the gym before he started training. Three months after stopping the "drink" his sperm count had returned to normal.

Another man, 28, who was a regular at the gym and a keen weight-trainer, took steroids given to him by friends but doubled the suggested dose, causing a sharp reduction in his sperm count. He obtained needles for his injections from a needle-exchange programme intended for intravenous drug users to reduce the risks posed by sharing

dirty needles. His wife became pregnant six months after he stopped taking the steroids.

In the *BMJ*, Dr Alison Murdoch and colleagues report: "Over the past year we have noted an increased number of men attending the infertility clinic who have been using anabolic steroids for body building. This has been associated with an apparent substantial increase in body building as a recreational pastime in the North-east."

The report says that because of the "great secrecy" surrounding steroids and the illicit means by which they are obtained, men hide it from doctors. "The lack of awareness of the implications of steroid abuse is shown by the polypharmacy [range of steroid drugs used], the carelessness of the dosage, and the young age at which the problem starts," it argues.

The scale of steroid use among recreational body builders and weightlifters is unknown, although one 1992 study suggested that it may be as high as 40 per cent. The patients in the Newcastle study estimated that between 100-300 men regularly attended their own gymnasiums, and that between one-quarter and three-quarters were taking steroids.

The adverse effects of anabolic steroids include liver cancer and other liver diseases, growth of breasts, reduced libido, prostate cancer, mood changes, and dependency, plus fertility problems. Reversal of the effects on sperm can take up to 12 months after stopping the drugs, and problems can persist for up to three years. Some body builders take up to 40 times the doses at which adverse effects have been recorded.

All the men in the study said they were unaware of severe side effects of the drugs and that their gymnasiums gave no or limited information.

Message to Fisheries Ministers: Rt Hon Tony Baldry MP, Raymond S Robertson MP

Regarding industrial fishing for sandeels on the Wee Bankie off the Scottish coast and other areas of the North Sea.

"Recognizing the importance of protecting the marine environment and conserving fish feeding, spawning and nursery grounds, the following organizations and individuals call on the UK Government to ensure that urgent measures are taken to control industrial fishing in sensitive areas."

Aberdeen and District Anglers' Association

Alan Beith MP

Allan Macartney MEP

Alex Falconer MEP

Alex Salmond MP

Andrew Welsh MP

Anglo Scottish Fish Producers' Organisation

Arbroath Fishermen's Association

Archy Kirkwood MP

Cockenzie and Port Seton Fishermen's Association

David Bellamy

*Edward Goldsmith
(Editor, Ecologist)*

Fife Fisherman's Association

Firth of Forth Fishermen's Association

The Fishermen's Association Limited

*Fishermen's Mutual Association
(Pittenweem)*

Fisherrow Fishermen's Association

Friends of the Earth England, Wales and Northern Ireland

Friends of the Earth Scotland

Greenpeace UK

Henry McLeish MP

Jonathon Porritt

Margaret Ewing MP

Marine Conservation Society

Menzies Campbell MP

Roseanna Cunningham MP

Royal Society for the Protection of Birds

The Salmon and Trout Association

Scottish Anglers National Association

Scottish Wildlife Trust

Tony Rice,

Southampton Oceanography Centre

The Wildlife Trusts

(Royal Society for Nature Conservation)

Winnie Ewing MEP

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news

Pilots call off strike as mail row hots up

An indefinite strike by pilots at British Airways from next Tuesday was called off last night. Meanwhile, a glimmer of hope emerged in the Royal Mail dispute.

After days of negotiations, leaders of the British Airline Pilots' Association (Balpa) agreed a 3.6 per cent pay package together with improved salary rates for lower-paid flight crews operating out of Gatwick — avoiding what could have been the most damaging industrial action since the miners' strike more than a decade ago.

The BA settlement negotiated by Balpa includes improved rates for qualified pilots newly employed by BA and the reinstallation of bunk beds on jumbo jets for the use of flight crews on long routes. There is also a commitment to a better working relationship between management and the union.

Chris Darke, leader of Bal-

'Olive branch' after post union calls stoppages. **Barrie Clement reports**

pa, said the action would be suspended while his members voted on the package, but he thought it represented a "great success". A spokeswoman for BA said the "real winners" had been the customers.

Hopes rose for a settlement in the Post Office conflict last night despite an earlier decision by leaders of 130,000 Royal Mail workers to order a serious escalation of industrial action.

While ministers were preparing to suspend the Post Office's monopoly on the letter post during future strikes, a letter from Richard Dykes, managing director of the Royal Mail to the Communication Workers' Union presented the possibility of fresh talks.

Earlier yesterday, however,

the dispute appeared to be entering a far more serious phase with the union calling four periods of action ranging from 24 to 48-hour stoppages.

Sources at the Department of Trade and Industry yesterday confirmed that the Post Office's sole right to handle letters for less than £1 could be lifted during the walkouts.

Ministers warned that as soon as the monopoly was suspended there would be a clamour from backbenchers and from private delivery firms to make it permanent.

Alan Johnson, joint general secretary of the union, announced a 24-hour stoppage from 3am next Thursday; a 36-hour strike from 10am on 26 July; 48 hours from 3am on 31

July, and 24 hours from 3am on 6 August.

The letter from Mr Dykes to Mr Johnson pointed out that there had been a misunderstanding between the two sides when talks finished on Tuesday. Mr Dykes said there was no suggestion that management wanted to predetermine the outcome of productivity talks and that there was no question of the Royal Mail insisting that industrial action be abandoned — simply that it should be suspended to allow further talks.

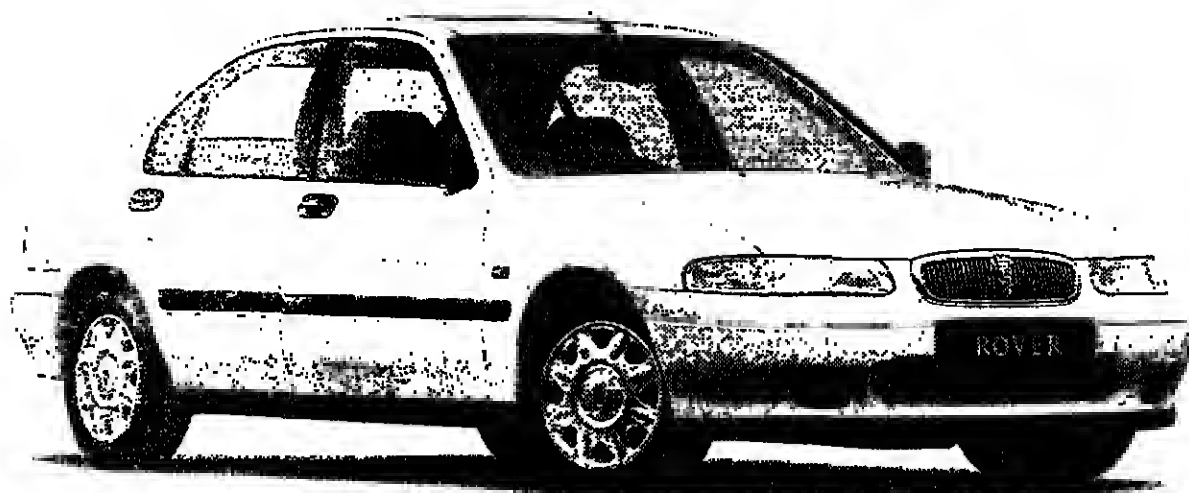
A union spokesman said the clarification from Mr Dykes seemed to be an "olive branch" and the union would enter talks on that basis as soon as possible.

The dispute centres on the Royal Mail's insistence on "team-working" and on the union's demand that a proportion of letters should be set aside for the second delivery.



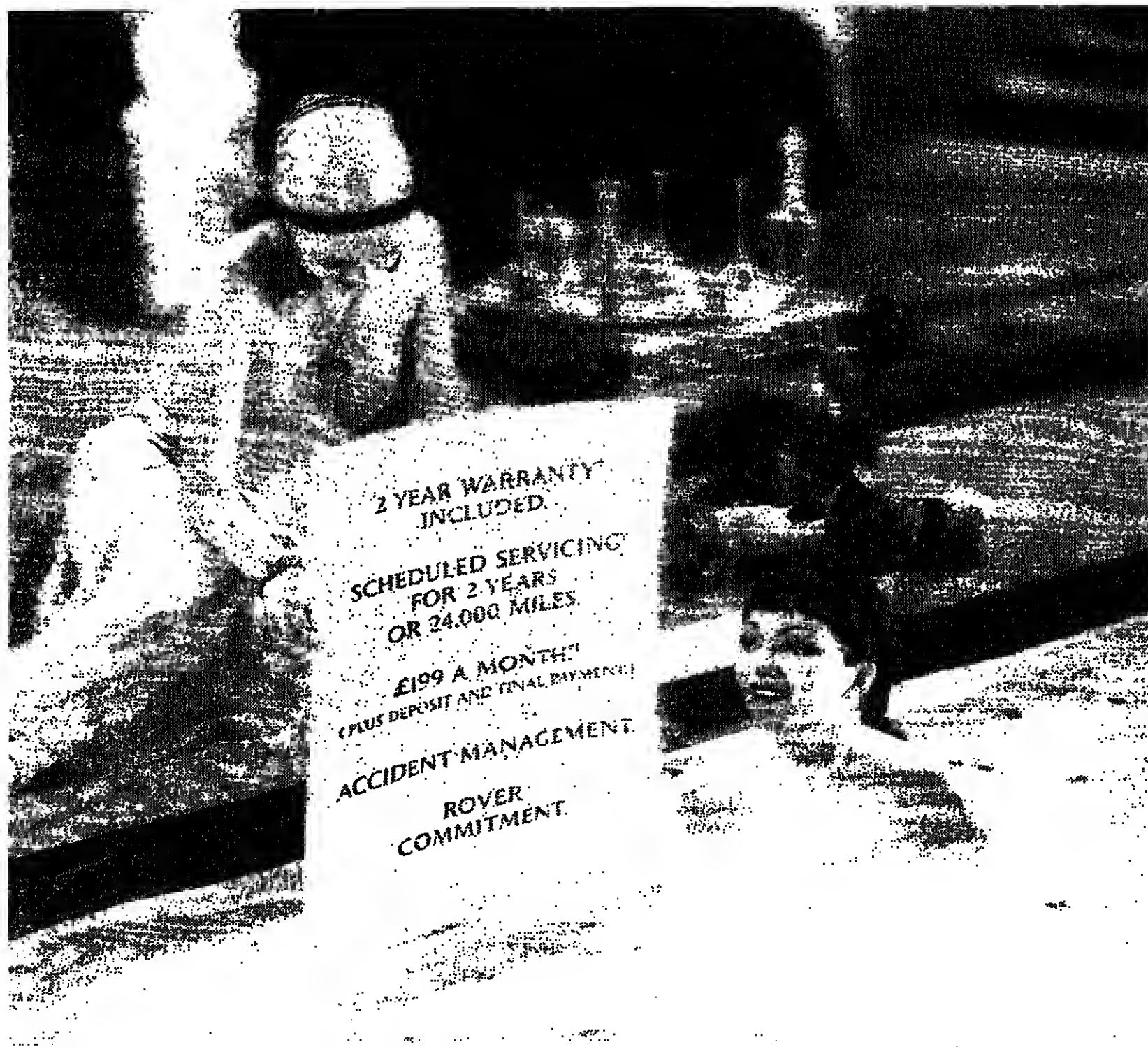
A volunteer gives blood at the launch yesterday in Battersea Park, south London, of a campaign to recruit 2,000 new donors a week which marks the 50th anniversary of the National Blood Service. Photograph: Jane Baker

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£1m wasted on failed teacher inspections

JUDITH JUDD
Education Editor

Around £1m has been spent on primary teacher training inspections which have failed to deliver enough information about the teaching of reading and arithmetic.

Yesterday Chris Woodhead, Her Majesty's Chief Inspector of Schools, announced that the courses would be reinspected using different rules, to ensure that the reports focused on literacy and numeracy. He said the original inspections were not designed to investigate details of student training in the basic skills needed.

Head teachers are to be drafted in to strengthen the teams of inspectors who carried out the original inspections of 34 of the 67 primary teacher training institutions.

Many teacher training inspectors are angry about the decision to reinspect the courses, which they see as an attack on their professional judgement. The quality of training to teach English was found to be good, or very good, in over half the courses inspected. Overall, five institutions were found to be unsatisfactory.

Teacher training and Her Majesty's Inspectors have long been targets of right-wingers who accuse both of pedalling progressive methods.

Mr Woodhead is an outspoken supporter of traditional methods, including phonics in the teaching of reading. He made a robust defence of his decision to reinspect courses.

He denied that he lacked confidence in his inspectors' judgement, refuted the suggestion that the initial inspections had got it wrong, and rebutted the view that the exercise had turned out to be a waste of time and money.

The first inspections, which ranked colleges on a scale of one to four, had taken a "broad sweep", he said, to provide the Teacher Training Agency with information that had enabled it to allocate money according to quality. Mr Woodhead said: "Far from undercutting the evidence from these inspections, these further inspections will build on the findings at a time when the focus nationally is so clearly on basic skills of reading and arithmetic. We feel it is imperative that we look again at these areas."

The new inspections will use different criteria. The four-point scale will be replaced by a seven-point scale. The inspections will include colleges which got high ratings, as well as those which did badly.

At present, colleges which are graded "three" are pronounced "sound" which is interpreted as meaning that they have both strengths and weaknesses.

Mr Woodhead said evidence in a report earlier this year on literacy teaching in three London boroughs, and his own conversations with head teachers, suggested there was disquiet about the way courses equipped students to teach reading.

Ivan Reid, vice-chairman of the Universities Council for the Education of Teachers, said: "Mr Woodhead cannot be acting on the evidence of his own inspectors. I can only assume that today's announcements have been born out of political concerns."

Gillian Shephard, the Secretary of State for Education, yesterday announced that performance tables for teacher training would be published next year, based on inspection grades, student entry qualifications, their success in obtaining teaching posts and students and employers' views.

DAILY POEM

Study in a late Subway
by Muriel Rukeyser

The moon revolves outside; possibly, black air turns so around them facing night's concave, momentum the slogan of their hurrying brains swung into speed, crying for stillness high suspended and rising on time's wave.

Did these tracks have a wilder life in the ground? beaten from stream of metal in secret earth: energy travels along the veins of steel, their faces rush forward, missiles of discontent thrown vaguely to the south and north.

That head is joined loosely on his neck, his glossy eyes turn on the walls and floor: her face is a blank breast with sorrow spouting at the mouth's nipple. All eyes move heavily to the opening door,

regarding in dullness how we also enter. An angle of track charges up to us, swings out and past in a fireworks of signals. Sleepily others dangle by one hand tense and semi-crucified things.

Speed welcomes us in explosions of night: here is wrath and fortitude and motion's burning: the world buries the directionless, until the heads are sprung in awareness or drowned in peace. Sleep will happen. We must give them morning.

Muriel Rukeyser was one of the Objectivists, a group of left-wing, mainly Jewish American poets in Thirties New York, centred on Louis Zukofsky. George Oppen, Charles Reznikoff and Carl Rakosi. Objectivist poetry was lyric poetry stripped-down, sharpened, and infused with new vocabulary, images and perceptions. Muriel Rukeyser (1903-1980) presents its softer edge in Andrew McAllister's *The Objectivists*, published by Bloodaxe at £8.95.

MANDELA IN LONDON

President forgives 200 years of injustice

COLIN BROWN
Chief Political Correspondent

Nelson Mandela yesterday buried two centuries of injustice to blacks in South Africa and forgave British leaders who regarded him as a terrorist by telling a joint meeting of peers and MPs at Westminster he had returned to Britain in friendship.

"Perhaps the fact of our presence here today might serve to close a circle which is two hun-

dred years old," said Mr Mandela.

Michael Heseltine, the Deputy Prime Minister, capped the praise from the two Houses of Parliament when he later told MPs that the South African president was "one of the political giants of our time".

The way in which Mr Mandela had left prison without bitterness and set about the healing of the wounds in South Africa "must be regarded as one

of the more remarkable political achievements of our century," said Mr Heseltine.

And Mr Heseltine insisted that everything Mr Mandela had done was "within the context of the rule of law".

Baroness Thatcher, who once dismissed Mr Mandela's African National Congress as "a typical terrorist organisation" was in the audience of ministers, Opposition leaders, diplomats and peers when the president

was given the rare honour of speaking to the two Houses of Parliament.

The friendship was underlined from the moment Mr Mandela entered the hall, hand-in-hand with the Speaker, Betty Boothroyd, who helped him down the red-carpeted steps to the platform in Westminster Hall.

Mrs Boothroyd recalled being a "black sash" protester outside South Africa House at

Trafalgar Square during the years of Apartheid. Today, she said, Mr Mandela would be going to South Africa House "where you were vilified", this time as head of state.

As the Lord Chancellor, Lord Mackay, recalled "patriots and martyrs have stood trial for their lives" in the 1,000-year-old hall, the former prisoner gave a gentle nod. Among the front-row VIPs were John Major and the Prime Minister's

wife, Norma; Mr Heseltine and his wife, Anne; Tony Blair, the Labour leader, and his wife, Cherie; and Sir Edward Heath.

But the affection showed for Mr Mandela was demonstrated outside when cooks, security men, messengers, and secretaries, stopped work to catch sight of the South African President, who was restricted to a meeting behind closed doors on a previous visit to the Commons.

He told the joint Houses of

Parliament that British colonists had seized land from his forebears. Eighty years ago, his predecessors in the leadership of the ANC came to Parliament to plead to be treated equally with the white settlers.

"As eloquently and passionately, the British rulers of the day spoke in these Houses to say they could not and would not amend their agenda with regard to South Africa," he said. "Despite that rebuff and the terri-

ble cost we had to bear as a consequence, we return to this honoured place neither with pikes nor a desire for revenge nor even a plea to assuage our hunger for bread.

"We come to you as friends." He did not dwell on the colonial past, but stressed the help some British leaders, from William Wilberforce to Harold Macmillan, had given to bring about change for the better in South Africa.

'To close the circle, let our peoples join hands'

This is the text of President Nelson Mandela's speech to both Houses of Parliament yesterday:

My lords, ladies and gentlemen. It is with a deep sense of humility that we stand here today to address the historic Houses of Parliament of the United Kingdom.

This rare honour you have extended to a foreigner speaks to the great age, the extent and the warmth of the relations between our two peoples.

Eight decades ago, my predecessors in the leadership of the African National Congress came to these venerable Houses to say to the government and the legislators of the time that they, the patricians, should come to the aid of the poor citizens.

With no pikes to accompany them, because the British armies had defeated them, they spoke eloquently and passionately of the need for the colonial power to treat them as human beings equal to the 1820 settlers who waited down from Europe.

As eloquently and passionately, the British rulers said they could not and would not amend their agenda with regard to South Africa, to address the interests of that section of our population which was not white.

Despite that rebuff and the terrible cost we had to bear as a consequence, we return to this honoured place neither with pikes, nor a desire for revenge, nor, even, a plea to your distinguished selves to assuage our hunger for bread.

We come to you as friends, bearing with us warm greetings from the hearts across the oceans.

Even in the most lifeless of historical sessions, two hundred years would be too long a period for the force of change not to break free. Change has come to our country too, perhaps at last, but bringing with it joy, the promise of a better future and a protracted festival of hope across the globe.

Racism is a blight on the human conscience. The idea that any people can be inferior to another, to the point where those who consider themselves superior define and treat the rest as sub-human, denies the humanity even of those who elevate themselves to the status of gods.

It seems to us that, as the ordinary people of the world came to understand the real nature of the system of apartheid,

they decided that they would not permit their response to that question should be to hang their heads in shame.

We take this opportunity once more to pay tribute to the millions of Britons who, through the years, stood up to say: No to apartheid!

Our emancipation is their reward. We know that the freedom we enjoy is a richly-textured gift handcrafted by ordinary folk who would not allow their own dignity as human beings be insulted.

No society emerging out of the grand disaster represented by the apartheid system could avoid carrying the blemishes of its past.

The first founding stone of our new country is national reconciliation and national unity. The fact that it has settled in its new mortar needs no advertising. Our second founding stone is the establishment of a democratic system which ensures that all citizens have an equal right and an equal possibility to determine their future. It prohibits the option of tyranny and dictatorship and it guarantees the fundamental human rights of all our people.

Our third founding stone must surely be that we end the enormous race and gender disparities in wealth, income and opportunity we have inherited from our past and whose continued impact on our society necessarily subtracts from the achievement of the goals of national unity and reconciliation.

Here we are confronted with a protracted struggle which is intimately bound up with our fourth founding stone, this being the rebuilding and modernisation of our economy and setting it on a high sustainable growth path to end poverty, unemployment and backwardness.

As important a founding stone as the rest is the fact that we are an African country. With all our colours and races combined in one nation we are African people. The successes we seek and must achieve in politics, the economy and social development, are African successes which must be part of an African renaissance.

They are integrated within a process which must lift and banish the clouds of despair that continue to cast a dark shadow over our continent.

For centuries, an ancient

continent has bled from many gaping sword wounds. It lost millions of its most able sons and daughters to a trade in slaves. To this day we continue to lose some of the best among ourselves because the fights in the developed world shine brighter.

An ancient continent disgorged into the hands of foreigners what lay in its bowels and in the fertility of its soils.

The continent bleeds still, struggling to service a foreign debt it can neither afford, nor afford to repudiate.

The louder and more piercing the cries of despair – even when that despair results in half-a-million dead in Rwanda – the more these cries seem to encourage an instinctive reaction to raise our hands so as to close our eyes and ears.

Both of us have been part of this unfolding tragedy, watching, waiting, troubled, not knowing what beast born of this superhuman suffering, slouches towards Bethlehem to be born, to borrow the words of an Irish poet.

go wherever they wanted. Some of you devoted vastly more time to campaigning for sporting ties with Apartheid South Africa, than in arguing for change. And trading sanctions would be worse. They would hit the poor blacks (who somehow failed to appreciate this fact) disproportionately.

"After a while it became obvious even to the stupidest Conservative MP that things could not go on. So they found alternative 'solutions'. Like Mr Michael Colvin MP, one time secretary of the party's Foreign Affairs Committee and former PPS to the Foreign Office ministers. In 1983 he warns against talking to South African terrorists (ie me), travels to Jo'burg five months later as a guest of the regime and discovers 'Homelands'. He's in Bophuthatswana in '86, and again in '87. The magic solution! Why not split the country up and let the blacks have the worst bits?"

"That fails. So suddenly great prose poems are written about the nobility of the Zulus, the greatness of Chief Gatsha Buthelezi, the 'irrevocable' differences between Xhosa and

But this we must know, that none of us can insulate ourselves from so catastrophic a scale of human suffering.

In the end, the cries of the infant who dies because of hunger or because a machete has slit open its stomach, will penetrate the noises of the modern city to say: Am I not human too?"

To close the circle, let our peoples, the ones formerly poor citizens and the others good patriots – politicians, business people, educators, health workers, scientists, engineers and technicians, sportspeople and entertainers, activists for charitable relief – join hands to build on what we have achieved together and help construct a humane African world, whose emergence will say a new universal order is born in which we are each our brother's keeper.

And so let that outcome, as we close a chapter of two centuries and open a millennium, herald the advent of a glorious summer of a partnership for freedom, peace, prosperity and friendship. Thank you.



Mandela's message: Two staff at the Houses of Parliament who stopped work to hear the South African President's address

Photograph: Geraint Lewis

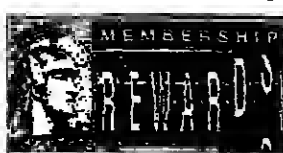
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A friendly message to apartheid's British apologists and opponents

"To have emerged from prison with such apparent absence of any bitterness... must be regarded as one of the more remarkable political achievements of our century." – Michael Heseltine following President Nelson Mandela's address to the combined Houses of Parliament yesterday.

But what might Mr Mandela have said, were he slightly less forgiving? We have obtained the only copy of the speech Nelson Mandela never made.

"My lords, ladies and gentlemen. Thank you for inviting me here. May I first say how fetching Madam Speaker and the Lord Chancellor look in their colourful tribal garments? No wonder the tourist trade to London is so brisk (just one of my rather rare jokes, that)."

"I am not joking when I say that it is good to see Baroness Thatcher here. Not many understand her contribution to the liberation of the South African people. In fact I don't understand it either. How did it come about that someone whose speeches resonated with such an uncompromising passion for liberty and democracy, should have been so hostile to the



DAVID AARONOVITCH

struggle that the ANC and others were forced to wage?

"Over those long years, as I paced the yard at Robben Island, or sat in my room at Polemoor, I pondered what I heard from Britain. First it was said that majority rule was a dubious concept in African conditions – look what had happened in most of 'Black Africa'. Although apartheid was 'repugnant', of course, could we be sure that one person one vote would not be worse? I see a couple of blushes in the audience.

"Then there was the problem of what to do about it. Sporting boycotts would not work. They would cause resentment, bring about isolation. Oh, and interfere with the cherished freedoms of British sportspeople to

Zulu. Inkatha is the true repository of democracy and the answer is partition! Tell me please, what do you think would have happened if Buthelezi had won the last election, and I had lost? Do you think I'd be swanning round the world with a fly-whisk? Not likely. I and thousands of others would be pushing up the velvet with 'traditional weapons' protruding from every orifice.

"And now the same people in the same newspapers are talking about how we are bound to fail. Look at the crime! Look at the civil unrest! They just cannot bear to say 'we were wrong, we're sorry'. Why not?"

"So my greetings go to others. To the awkward squad who stood outside South Africa House every day for years. To that cantankerous MP, Bob Hughes, who campaigned through thick and thin, no matter how 'boring' others thought him. To the students who boycotted Barclays Bank. To the thousands who sent me greetings cards in prison.

"To those who were naïve enough to believe that blacks can make democrats too. Thank you."

West blamed wife for deaths of 12 women

Howar

NICHOLAS SCHOON
Environment Correspondent

The European Court yesterday ruled that the Government broke EU law when it refused to give special protection to a mudflat, a feeding ground for threatened wading birds.



Howard blamed for destroyed haven

populations alone which counts. Once the area has been designated there is, however, a legal let-out for the Government and developers. If they can show that there are "imperative reasons of overriding public interest" for damaging development, then it is allowed - provided that new, compensatory reserves are created for birdlife elsewhere.

Yesterday the Department of



Yesterday 11 of the court's judges unanimously ruled that the Government was not entitled to take economic considerations into account when drawing up the boundaries of the special protection area. It is the area's importance to birds

The ruling delighted conservation groups, who saw it as an important test case for nature protection laws. It will now be carefully considered by other European governments which have had trouble reconciling wildlife and habitat conservation with economic development.

The chief executive of the RSPB, Barbara Young, said the ruling was excellent news. "Economics do not determine where wildlife sites are, and should never be a consideration when they are designated."

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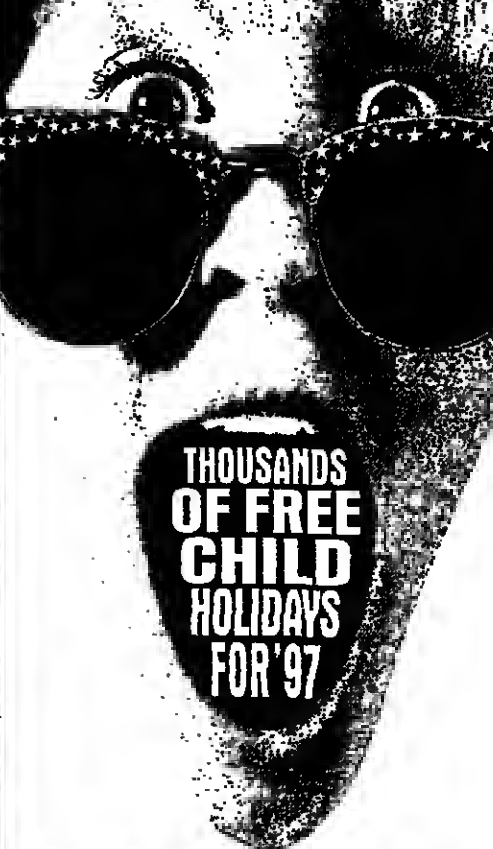
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هكذا من الاهل

Last letters show the depth of Dylan's love

LOUISE JURY

They were the last passionate letters of a contrary and desperate love.

In words as poetic and moving as anything he ever published, Dylan Thomas's final outpourings to his beloved wife, Caitlin, revealed a love tinged with bitter remorse for his bouts of adultery and heavy drinking. "I am profoundly in love with you, the only profundity I know," he said in a letter from New York. "Every day's dull torture, every night burning for you."

I LOVE YOU. It was financial difficulties that drove Thomas to New York where he was to die of alcoholic poisoning in 1953 while on a poetry-reading tour.

Ironically, yesterday his simple scribbles to Caitlin sold to London dealer Bertram Rota Ltd for £12,650 – compared with a pre-sale estimate of £7,000-£9,000 – at auction at Sotheby's in London.

Four unpublished signed letters were put up for auction by Francesco Pazio, Caitlin's son by the Italian actor Giuseppe Pazio, with whom she lived after Thomas's death.

Francesco was the sole beneficiary of her estate when she died two years ago.

With the letters were the poet's black leather wallet, containing a passport-sized photograph of Caitlin, found in his New York hotel room at his death, and boarding tickets and relevant papers to allow his body to be shipped home.

A Sotheby's spokesman said the letters were among the very few he wrote in the last years of his life and were almost certainly the last to Caitlin.

They tell of the couple's tempestuous love and his remorse at their numerous separations, some prompted by his womanising and alcoholism.

If I am never to wake with you again, I shall die

On poverty and meeting Caitlin: "... depressed as hell by this chronic, hellish lack of money ... night and day in my little room high above the traffic's boom I think of it, of possessing it in great milky wads to spend on flashy clothes... and a very vague young Irish woman whom I love in a grand, real way ... but will have to lose because of money money money ..."

To Caitlin: "I am writing this useless letter to you at a table in the Glubbe Rosse where, after I saw you go away in a tram, I went, sadder than anybody on the whole earth, to sit and wait."

In one letter, dated 7 May 1953, written in his tiny, neat handwriting, he complains of their long separation during his reading tour, announces proudly that he is sending home a cheque for £250 (£160) and informs her that his research shows they could live cheaply in Majorca. He also complains at not hearing from her.

"In all the hotel bedrooms I've been in in this two weeks, I've waited for you all the time," he wrote.

"She can't be long now, I say to my damp miserable self, any minute now she'll be coming into the room: the most beautiful woman on the earth, and she is mine, and I am hers, until the end of the earth, and long after. Caitlin, I love you. Have you forgotten me?"

In one brief three-line pencil note from the Savage Club in London, he declared: "Darling darling darling Cat, my own dear love, I love you – I deserve to be hung up by my feet, and flogged with bottles."

In a separate lot in yesterday's

... I have lost you because I am bad ... I love you Caitlin, I think you are holy. Perhaps that is why I am bad to you. Now if I am never to wake with you again, I shall die but that does not matter because all that matters is that I love you always, for ever, my own – though you are gone from me – my own true love."

On the outbreak of war: "What have we got to fight for or against? To prevent Fascism coming here? It's come? To stop shit by throwing it ... I feel sick. All this flogged hate again. We must go on with out-of-war life."

sale, one of 33 letters from Thomas to his friend and confidant, Desmond Hawkins, makes the first reference to Caitlin to appear in any of Thomas's surviving letters and of his happiness when she became his wife.

"My wife is Irish and French

... has seas of golden hair, two blue eyes, two brown arms, two dancing legs, is untidy and vague and un-reclamatory. I'm lost in love and poverty ..."

The lot made £21,275 against a guide price of £12,000-£15,000. Other items in yesterday's auction included rare books, maps and an Arabic-English dictionary used by TE Lawrence – Lawrence of Arabia.

He referred to it while he was working in the Cairo intelligence department in the period leading up to the Arab revolt against the Turks in 1916, and later used it at the 1919 Versailles peace conference, when he was British liaison officer with the Emir Faisal. Among the more curious lots was a hand-written account of the effects of alleged witchcraft on a 17th-century Yorkshire family: "A Discourse of Witchcraft as it was acted in the Family of Mr Edward Fairfax of Fyfepton in the County of York in the year 1621."

It tells of the behaviour of two of Mr Fairfax's daughters and a village girl after their alleged bewitching by six local women.



Close to the heart: Thomas's wallet, containing a picture of Caitlin, and some of his last letters. Photograph: Nicholas Turpin

Becket casket saved for nation in £4.2m deal

LOUISE JURY

A 12th-century casket which may have held the remains of the martyr Thomas à Becket was saved for the nation yesterday after the Canadian newspaper magnate who bought it at auction withdrew from the purchase.

Lord Thomson of Fleet, a former owner of the *Times*, has relinquished his interest in the casket, known as the Becket Chasse, to the National Heritage Memorial Fund and the Victoria and Albert Museum, west London, where it will go on immediate display.

Despite widespread delight, the announcement also prompted criticisms. While the last-minute deal cost nearly £4.2m, the casket had initially been offered to the British Museum for £1.8m, but the money could not be found.

Mark Fisher, Labour's spokesman on the arts, said: "This has been a mess. We've almost certainly paid over the odds because of the incoherence of the process."

"We need to take a long clear look at the funding of and procedures for retaining important items. The Government has limped along from one crisis to the next, and it's about time they co-ordinated the work of the different bodies involved."

The National Heritage Memorial Fund paid more than £3.5m towards the acquisition. It will go on display at the Victoria and Albert before being shown in Canterbury Cathedral next year, during the 14th centenary celebrations of the

arrival of St Augustine in England.

Lord Rothschild, the fund's chairman, said it was delighted that Lord Thomson had made "this generous gesture ... for the benefit of the nation".

In a statement, Lord Thomson said: "The family loves the Chasse and has coveted it for many years, but our satisfaction in being the successful bidder has been marred by the realisation that the Thomson family alone would stand in the way of the Chasse belonging to and remaining in this country."

They had "sadly and with reluctance" decided the fund should purchase the casket. "The family is greatly consoled by the realisation that this wonderful and historical work is now likely to remain in this great country where it truly belongs."

A spokesperson for the National Art Collections Fund, which helped raise funds to save the casket, said it was pleased to have helped. "It has been our ardent wish to have this important casket in the safe ownership of one of our great national museums."

And Virginia Bottomley, the Secretary of State for National Heritage, said: "It is important that objects which hold such a special place in our history are retained here and are available for everyone to see and enjoy."

The Limoges casket is believed to have held the blood and bones of Becket, who was murdered in Canterbury Cathedral in 1170. It is set with crystals and copper engravings depicting Becket's life and death.

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Lebed's rapid ascent to power triggers alarm

PHIL REEVES
Moscow

Those of his opponents who worry about the authoritarian instincts of Alexander Lebed, the new power within the Kremlin, will take little comfort from the latest events in the aftermath of last week's re-election of Boris Yeltsin. The President has pressed ahead with plans to widen the scope of the Security Council, which the retired general runs, allowing it oversight of issues as diverse as economic espionage, defence, foreign policy, and law and order.

His move coincided with a separate decision to place his new protégé in charge of supervising a crackdown on the mafia and an official corruption in Moscow, the scene of a mysterious bombing yesterday in which five people were injured when a package blew up on a trolleybus during the rush hour. The plan includes provisions for more police, doubling the pay of judges, more jails, and lavish gifts for informers.

Mr Yeltsin, who is grappling with ill health, has been under

pressure from General Lebed to increase the Security Council's powers ever since ushering the general into the heart of the Kremlin after his strong performance in the first round of presidential elections last month. It now appears, much to the alarm of General Lebed's rivals, that he is getting his way.

The President has signed a decree which redefines the power of the council. Until now, it was an advisory body made up of Russia's most powerful office holders, notably in defence and security. Although the document is couched in vague terms, details have emerged confirming that its powers will be significantly increased, as will those of General Lebed - its secretary and national security adviser to the president.

The council will, for example, prepare proposals on introducing states of emergency and economic sanctions, as well as carrying out a more orthodox role overseeing and streamlining Russia's sprawling state security and defence apparatus. These will be passed on to Mr Yeltsin, who has the power to

implement them by presidential decree - without reference to the weak Russian parliament.

Further light was cast by General Lebed himself yesterday, who revealed that the council would have four new departments: "economic security, defence security, public security and information security". Its brief would include coordinating the security services - at present, branches of the former KGB, the police, and the military are separately run, and at times are at loggerheads - and developing domestic, foreign and military policy. It would have the power to establish new security organisations; overall, "the spectrum of issues, tasks and functions facing Russia's Security Council has substantially expanded", he said.

So, it seems, have his own. General Lebed, who answers only to the President, said his job would include advising the President on "the punishment of the leaders of federal power bodies responsible for national security". He will supply the President with information about the candidates for the

country's top posts. He claims he has already been advising the Foreign Minister, Yevgeny Primakov; he is even planning to go to Chechnya, where the chances of peace were yesterday dealt another blow with the death in a landmine explosion of a Russian general.

General Lebed's astonishingly rapid ascent to power is causing deepening tensions within the Kremlin, not least with the Russian Prime Minister, Viktor Chernomyrdin, whose position as the second most powerful figure in the country appears to have been abruptly usurped.

It has also triggered a ferocious row within the top brass of the Russian military over the next Minister of Defence, yielding a storm of allegations and counter-allegations about corruption. And it has prompted concerns among his more liberal-leaning critics that, if Mr Yeltsin's health collapses, the general will take control of the reins of power, handing the ailing President whatever decrees the virtually autonomous Security Council sees fit.



Burnt out: A forensic expert examines the wreckage of a bus gutted by a bomb yesterday in Moscow. Photograph: AP

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SIGNIFICANT SHORTS

The US government yesterday revoked the visa of Colombian President Ernesto Samper because of his alleged links to the Cali drug cartel. State Department spokesman Nicholas Burns said the administration determined that Samper "is ineligible for a visitor's visa under US law." Calling it "a very serious and extraordinary step," Burns said the move demonstrates in the Colombian people that the United States takes narcotics trafficking seriously. AP - Washington

The Irish Prime Minister John Bruton, who holds the EU presidency, fanned the flames of British Euroscepticism by reviving controversial proposals for a European FBI. Mr Bruton, who is determined to place his own government's war on drugs and organised crime on the European agenda as a matter of urgency, said consensus was emerging among at least six EU leaders on the need for a police force with powers to operate throughout the Union. Dublin's demand for a collective response to the drugs problem has been strengthened by the murder in Dublin last month of the campaigning journalist Veronica Guerin. Katherine Butler - Paris

Italy's Prime Minister, Romano Prodi, managed to paper over the first serious cracks in his centre-left governing coalition, overcoming opposition from the hard-left party Rifondazione Comunista that threatened to derail economic policy in the run-up to European monetary union. The row threatened the stability of Mr Prodi's government, and also Italy's prospects of bringing its runaway public finances under control in line with the Maastricht convergence criteria. Andrew Gumbel - Rome

Singapore unveiled measures to regulate political and religious content on the Internet, and keep its patch of cyberspace free of pornography. The guidelines are designed "to safeguard the national interest", officials said. Organisations putting locally produced political and religious information on the Internet's World Wide Web pages must also register. Reuter - Singapore

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Trade Row: America's crusade against Cuba, which has infuriated its allies, is yet another example of its unilateral behaviour

Cuba vendetta sparks bitter US trade war

RUPERT CORNWELL
Washington

The ban on entry into the US of seven business executives, including two prominent Britons, is fast turning Washington's election-year vendetta against Fidel Castro's Cuba into one of the most bitter and potentially damaging transatlantic trade row in more than a decade.

As tensions grew yesterday, Britain delivered a fiercely worded protest to the State Department over what one diplomat called the "disgraceful and preposterous" blacklisting of the two British nationals, the former Bank of England deputy Governor Rupert Pennant-Rea, and Sir Patrick Sheehy, former non-executive chairman of BAT Industries. All seven blacklisted men are from the Canadian mining company Sherritt International.

In London, the Government is considering how to retaliate against this first implementation of the now notorious Helms-Burton Act, passed by the Republican-controlled Congress, containing sanctions against foreign companies which do business with Cuba.

Tit-for-tat bans on individual American citizens seeking to visit Britain would be hard to introduce, officials admit. More likely, they say, is a strengthening of the little-used Protection from Trading Restraints Act, which permits recovery in British courts of damages suffered abroad.

According to reports published in the US, between 100 and 200 companies are currently committing Sherritt's offence of "trafficking in confiscated US property" in Cuba, and thus risk having their own top executives barred from the US. The State Department will not say how many companies are on its blacklist, but a spokesman noted that Cuba claims to operate

250 joint ventures with foreign partners, all of whom could be potentially liable.

British officials believe the list contains around 15 company names, of which "perhaps two or three" may be British, among them almost certainly the sugar concern Tate and Lyle.

Thus far, only two companies have been publicly identified by the State Department apart from Sherritt: the Mexican telephone concern Grupo Doms and the Italian telecommunications group STET, which between them own 49 per cent of Cuba's state telephone company. Like Sherritt, STET and

Canadian tourists who spend some \$1.3 billion a year in the state, unless President Clinton shelves the so-called Title III provision of Helms-Burton.

Title III - which permits US citizens, including many naturalised Cuban-Americans, to bring suits against foreign companies which are using properties they owned before the Castro take-over in 1959 - is potentially far more disruptive than the headline-stealing, but largely symbolic, travel ban affecting a handful of individuals.

On paper, the claims could total billions of dollars. According to opponents of the measure (who once included President Clinton) Title III will clog US courts, lead to serious international legal wrangles and further worsen relations between Washington and key allies. President Clinton has until next Tuesday to decide whether to grant a waiver.

But few believe that Mr Clinton will abandon a law that commanded a veto-proof majority on Capitol Hill - just four months before an election in which Florida and New Jersey, the two states where the Cuban-American vote is most important, are both key electoral college prizes. New Jersey is a swing state which Mr Clinton must win. In Florida, the Democrats feel they have a chance of their first victory in 30 years.

In vain do Britain, Canada and other countries point out that the US ignored a similar sanctions threat in the 1970s from Arab countries over trade with Israel - precisely on the grounds that it was extraterritorial and thus illegal. On Cuba, they have long come to realise, as one diplomat put it, that "the US parts company with reality. We don't approve such sanctions against Iran either. However, we understand the motives, because Iran is a pariah state involved with terrorism. But Cuba?"

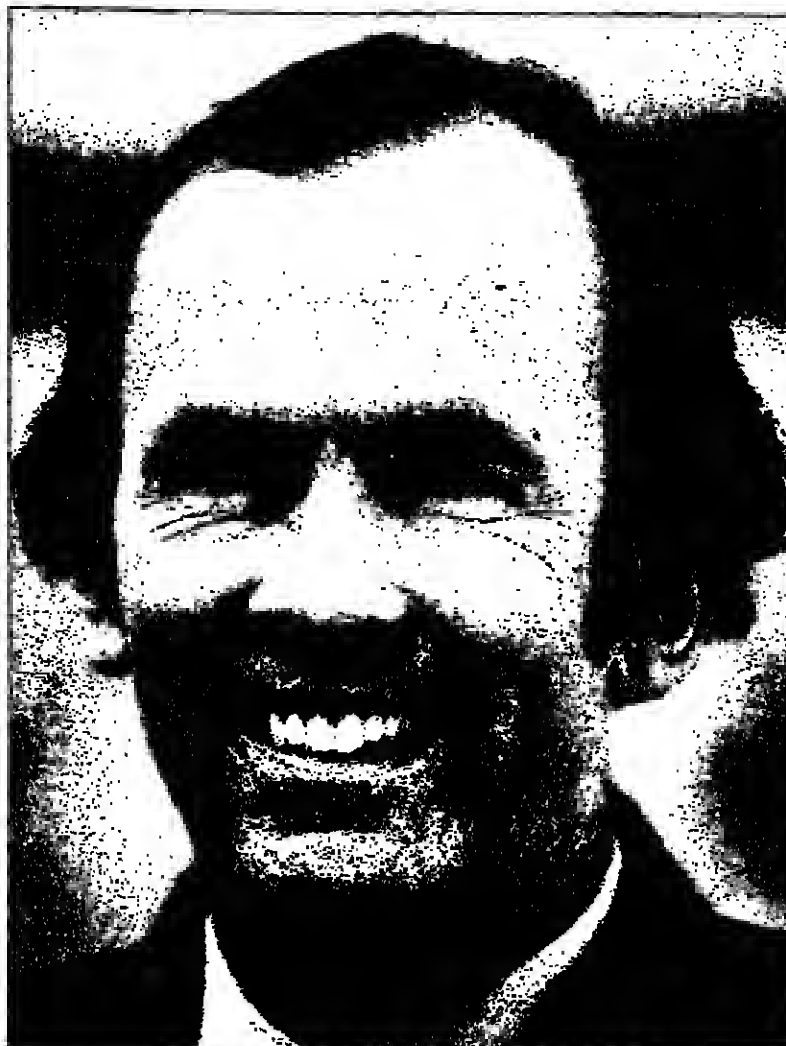


Jessie Helms: Republican author of the Act

Grupo Doms are likely to be informed that their top executives and their families will be banned from US soil.

In anticipation of such a move, Mexico yesterday formally protested against the Helms-Burton Act, saying it violated the principles of the United Nations, the World Trade Organisation, and NAFTA, the trade pact linking the US, Canada and Mexico.

Canada has reacted in outrage to the American action, and plans to take the dispute to NAFTA. Meanwhile, a coalition of some 20 Canadian religious and union groups is urging a reprisal boycott of Florida by the



Blacklisted: Rupert Pennant-Rea, left, and Sir Patrick Sheehy, hit by US sanctions against firms which trade with Cuba

America likes its laws to have a long arm

PETER RODGERS
Financial Editor
ANDREW MARSHALL
Foreign Editor

The tough action over foreign businesses dealing with Cuba is not the only example of the United States throwing its weight around. Britain, and many other countries, have had a constant battle with US tax and regulatory authorities over their attempts to impose their own rules abroad.

The rows peaked in the 1980s; but the current problems over Helms-Burton indicate that extraterritoriality is returning to the agenda, and perhaps in a more damaging way than ever. The fundamental cause is US unilateralism in its dealings with other states, and that has not changed. But the future that has resulted from London, Mexico City, Ottawa

and Brussels, shows that other nations are less willing to accept United States dominance than they once were.

Ironically, many of the worst problems have been resolved. The most famous recent extraterritorial dispute was the attempt by some US states to impose profits tax on the worldwide earnings of foreign companies. This came to a head with a decision by the US Supreme Court in 1994 backing the state of California's right to levy a so-called unitary tax on these earnings, after a long fight with multinational companies headed by Barclays and Colgate Palmolive.

The practical effects were not as expensive as some companies had feared, because California scaled back its demands, and Barclays had only been seeking repayment of a relatively modest \$30m (£20m) in past tax,

though the total California would have owed was \$4bn.

But there is still resentment among British companies that California's right to levy the unitary tax continues in principle. The British government has continued to press for tax reforms in the US to eliminate the problem, and has introduced retaliatory powers which it can use if British-owned companies are damaged in future.

The tax fight has been echoed over the last 16 years by similar pressure from the US Securities and Exchange Commission, which regulates the securities markets, and the Commodity Futures Trading Commission, to be allowed to extend their investigations to foreign countries, including Europe.

This led to constant rows, particularly in investigations of frauds and scandals involving more than one country, but this

has now been defused by an international pact to share information.

The US has also been waging an unsuccessful battle to have its laws against money laundering used as the basis for legislation in other countries, most of which believe American methods are wasteful. The US campaign has been strongly resisted by the Bank of England.

But the most damaging disputes over extraterritoriality involved relations with the former Soviet Union in the era of the Cold War. It was in this arena that the nakedly political thrust of the doctrine was clearest. The US, for instance, imposed arms exports controls which hit not just American companies, but also covered re-exports of goods with US components. In theory, this was to prevent the enemies of the West from gaining access to sensitive technologies; but many felt that it was really aimed at ensuring US control of key sectors.

Equally, there was fury when the US intervened to attempt to stop European companies from gaining contracts on a Soviet gas pipeline to Siberia, and again the suspicion was that there was more to this than American national security.

The latest row once again intertwines commerce and high politics, since the explicit US aim is to penalise those who trade with Cuba. There is more to come; similar plans are afoot for those who trade with Iran and Libya. But there is clearly much less willingness on the part of the Europeans, in particular, to accept US unilateralism this time. The Cold War is over; Cuba is not seen by the EU as a terrorist state; and there is growing impatience with Washington's arrogance.

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Asian help for Burma weakens sanctions

STEPHEN VINES
Hong Kong

Advocates of human rights in Burma were yesterday celebrating the decision by the Dutch brewer Heineken to pull out of a big beer-making project in the capital Rangoon because of human rights concerns. But they may have overlooked an inconvenient detail: the Dutch brewer's state in the project was instantly snuffed up by its Singaporean partners.

Although the Burmese human rights campaign has scored other victories in the withdrawal of investments by such names as Carlsberg, Pepsi, Reebok and Levi Strauss, foreign investment in Burma is rising.

The most active new investors are from nearby Singapore, Thailand, Malaysia and Hong Kong. Singapore has more projects in Burma than any other country although Thailand is not far behind. But the biggest single investor in Burma, in terms of cash, is Britain, although the size of the British stake is distorted by a few large-scale oil and gas projects.

Entrepreneurs from the south-east Asian states are given full backing by their governments who claim to be pursuing a policy of "constructive engagement" with the State Law and Order Restoration Council (SLORC) which rules Burma. The Association of South East Asian Nations (Asean) is working hard to bring Burma back into the fold and has even given the Burmese government observer status at its summit meetings, pending a decision on membership.

The United States, however, is to consult Asean on how best to curb a "new tide of repression" in Burma, the Secretary of State Warren Christopher said yesterday. One item on the agenda a Mr Christopher's meetings with Asean ministers in Jakarta on 23-25 July is the possibility of an economic boycott to nudge Burma's ruling military junta towards democratic reform.

The Burmese regime's most active supporters admit that the human rights situation is not perfect but claim that isolation and boycott will do nothing to improve matters.

In Hong Kong, the semi-official Trade Development Council has recently published a guide for investors which states that Burma's "economic performance and outlook have... been clouded by calls from international human rights groups for political and economic sanctions against the SLORC government, which has recently begun a diversified campaign to improve its image".

The campaign is frequently pushed off course by the regime's propensity to round up political opponents for torture and imprisonment. However, there is no denying progress on the economic front where the once-stagnant economy is set to grow by around 7 per cent this year, following a similar level of growth last year. Foreign investors from Asia are making tracks to Rangoon to build hotels, set up textile factories and projects for the exploitation of Burma's rich natural resources.

Set against this enthusiasm the withdrawal of investment by American and a few European companies is unlikely to sway Burma's dictatorship.

Burton Levin, a former US ambassador to Burma, has described the SLORC as "the most stupid" regime he has encountered. Its leaders seem almost happy to court international opposition, secure in the belief that those closer to home will turn a deaf ear to boycott calls.

The Asian Forum for Human Rights this week called for economic measures to bring the SLORC to heel.

But the Forum's call is likely to be lost as regional governments encourage their businessmen to add to the \$3bn (£2bn) in investment which has poured into Burma and only seems to be inhibited by problems of bureaucratic incompetence, unrealistic currency policies and other non-political barriers to foreign investment.

Holes in roof reduce Prado to a building site

ELIZABETH NASH
Madrid

Madrid's top tourist attraction, the Prado Museum, will next week become a building site, and visitors will have to pick their way around scaffolding until well into the next century.

A massive steel gantry on wheels will encase the majestic 18th-century building while lead and glass is fitted to the delapidated roof. It is a belated attempt to plug the holes that allowed rain to drip into the room containing the Velazquez masterpiece *Las Meninas* in 1994.

So shocking was this disclosure that the director Felipe Vicente Garin resigned on the spot and parliament, in an unprecedented session of cross-

view in its entirety, including all the works of Goya, Velazquez and El Greco, and 90 per cent of the Titians.

These works will none the less be shunted about from room to room as successive parts of the museum, including the first-floor central gallery, are closed for months at a time. Lesser works will have to be temporarily removed to make room for the most important paintings, and big exhibitions will be impossible.

The most disruptive work is scheduled to coincide with the summer months, the quietest time, according to Mr Checa, although likely to be the most inconvenient for international visitors. Visitors will be banded leaflets detailing the paintings' temporary locations during each of the five stages of the repair work.

The museum ruled out the idea of sending some major works on exhibition elsewhere. This was the policy adopted recently with spectacular success by Italy's Pamphilj museum during restoration work, which put its Velazquez masterpiece, *Pope Innocent X*, on show in Madrid and London.

Some thought had been given to mounting travelling exhibitions, Mr Checa said, "but the principal works will not leave the museum".

The repairs will be at their height during the closing stages of the international competition to design the Prado's much-needed extension. Ten short-listed projects selected in January must be submitted in detail on 10 August and a 14-strong jury of international architects and three senior Prado directors will choose the winner on 7 September.

It will take until spring 1997 for the government to approve the selection, and the 10-year work programme is due to begin early in 1998.



Attraction: Velazquez at the Prado. Photograph: B&S

party unity, approved an extensive emergency repair programme lasting 18 months and costing 1,403m pesetas (£7m).

Delays in starting the repairs, however, mean that the work will still be in train when building begins on an ambitious new extension whose final shape will be decided this autumn.

Disruption to the public will be inevitable, he said, but the museum's new director, Fernando Checa, admitted this week, although he added that "the museum's basic collection will remain on-



An illegal alien stands hand-cuffed on the tarmac of Roissy airport, in France, before boarding an aircraft to Casablanca and Bamako, writes Mary Dejevsky. The interior minister, Jean-Louis Debré, yesterday reiterated the government's determination to clamp down on

illegal immigration in a move to offset public criticism after his decision to allow some illegal immigrants who are parents of children with French nationality to remain in France legally - they will now be able to work and to claim state benefits.

Photograph: AP

international Romanians ban 'heretic' Witnesses

ADRIAN BRIDGE
Budepest

An international convention of Jehovah's Witnesses, due to be staged in Bucharest next week, has been called off after a scathing attack by the head of Romania's Orthodox church on what he described as a "heretic" sect.

The convention organisers had expected to attract 40,000 people to the three-day event, the majority from Romania itself, where membership of the Jehovah's Witnesses has enormously expanded since 1989.

But after repeated objections from Patriarch Teoctist, head of the Romanian Orthodox Church, the government withdrew permission to use Bucharest's main soccer stadium for the convention.

Rather than cancel the event, the Jehovah's Witnesses have switched the venue to the Hungarian capital, Budapest, where thousands of believers are due to converge today.

But bitterness remains. "It is very sad to see that religious intolerance still exists in Europe in the 20th century," said Gary Wollin, an American who is active on behalf of the sect in Budapest. "This is just piling more oppression on the already oppressed people of Romania."

Although dozens of religious sects and denominations have been allowed to function in Romania since 1989, the government remains uneasy about proselytising.

According to Mr Wollin, the attitude of the Romanian authorities harks back to the Communist era, when Jehovah's Witnesses were effectively barred from seeking converts in eastern Europe, and joining the sect could earn offenders a prison sentence.

Patriarch Teoctist, who was also head of the Orthodox church under Romania's former communist dictator Nicolae Ceausescu, did not mince his words in denouncing the planned convention. The "heretic" teachings professed by this sect - contribute in an irresponsible manner to increasing the hatred and violence that haunt the world today," he said.

Although 85 per cent of Romania's 23 million-strong population profess to be Orthodox Christians, growing numbers are being drawn to more unconventional sects.

The Jehovah's Witnesses claim at least 20,000 members in the country, all of whom fervently believe that the end of the world is near - and that when Judgement Day does come, only they will be saved.

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SREBRENICA: A YEAR LATER

'How can we have hope while Mladic lives?'

SARAH HELM
Tuzla

For just a moment, the sobbing which had filled this suffocating stadium seemed to stop. And for just a moment row after row of brimming eyes looked up and stared towards the figure flickering across a distant screen.

At first, it was hard to focus through the gloom. But when Mirzeta Cevic recognised the figure in battle fatigues she clasped her little boy, Mirza, close to her. "Mladic," she

whispered quietly as it seemed did the other 6,000 Srebrenica women who gathered yesterday in a stadium in northern Bosnia to remember the slaughter of their "safe haven" town. "How can we have any hope while he is still alive," said Mirzeta, who has not seen her husband, Hamza, since 11 July 1995.

The women had come together here exactly one year after what is now widely acknowledged to have been the worst massacre on European

soil since the Second World War. It was a gathering staged by the women's influential "Sisters" representing the international community.

The event was elaborately staged, featuring film clips of the Butcher of Srebrenica himself - Ratko Mladic, interspersed with quotations from the Koran by Queen Noor of Jordan and a reading from a letter of good wishes from Bill Clinton.

The intention was apparently to encourage the women of Srebrenica, who fled in panic as

their menfolk were being massacred, to think of the living and not just the dead.

The "Sisters" were asking too much. To think of the living is hard if all around you your dead are being exhumed. The first bodies were pulled out this week from the mass graves of Srebrenica. To think with hope of the future is hard for women like these, who watch war criminals like Mladic still strutting the Bosnian stage and who know they have no chance of returning to their lives in Srebrenica.

For the women gathered in Tuzla yesterday, there was no debate, only stark and simple memories. Mirzeta Cevic described how for three days before the enclave fell she and her family had lived in shelters fearing Mladic's troops were about to enter the town.

With her husband and four children she fled north to a refugee camp where she first encountered the General. "My husband was holding the little boy," she said. "He asked him to put the boy down and to get

on a bus full of other men. I never saw my husband again."

Other women described how their husbands had left Srebrenica in an armed column which headed off into the woods, never to be seen again. Hiding her face in a cotton veil, Izeta Memić said: "My husband Sevo killed the children and then was gone. He didn't know where he was going and we did not."

As Izeta was speaking a new voice had moved to the stadium microphone, encouraging

the women to remember the plight of women everywhere - to remember the women who battled for equality in South Africa, in Ireland and in Argentina. But now the faces around the stadium slumped forward once again, confused and dazed. "All women have the same hearts," said Mila Ahmetović. "But these words mean nothing to us. We just want to find our men. We want to know what happened. We feel we have been betrayed and nobody can help us."

Emma Bonino, the European Commissioner for Humanitarian Affairs, told the women of Srebrenica they would never be forgotten and urged them not to give up hope. But many women bore had bitter memories of the European Union's failure to help them during their conflict. "We are European," Mrs Bonino comes from Brussels, which is just two hours away. What did Europe do to help us," asked one young survivor of the massacre.

New warrants for Serb war leaders

CHRISTOPHER BELLAMY
Defence Correspondent

The UN war crimes tribunal yesterday issued international arrest warrants for the Bosnian Serb leader Radovan Karadzic and army chief General Ratko Mladic. The warrants authorise their arrest if they cross any international border. The tribunal also rebuked the rump Yugoslavia and Republika Srpska, the Bosnian Serb mini-state, for failing to arrest the two men, who are among 72 people indicted for war crimes in the former Yugoslavia.

The tribunal also invited the prosecution to lay additional genocide charges against the two and emphasised their personal, individual responsibility for genocide and other crimes in addition to their command responsibility.

The warrants will be sent immediately to Interpol and all UN member states, a spokesman for the tribunal in The Hague said. Warrants issued previously meant that other countries were able to arrest Mr Karadzic and Gen Mladic if they appeared on their territory; yesterday's warrants oblige them to do so.

"There is a significant difference," the spokesman said. "It publicly brands the accused international fugitives, which they have not been before, and brands the state in which they shelter an open-air prison. It also makes them vulnerable to any political changes in the country of refuge." Even if the

Republika Srpska shelters the fugitives temporarily, any new government could change its mind.

Senior military sources said that if, as expected, a Nato-led peace force remains in Bosnia after the present mandate expires on 20 December, it will be a military force designed for combat and not purely to assist in reconstruction.

"If the decision is that a military underpinning is required then we're talking about fighting - not just engineers to build bridges, medical and so on," the sources said.

Major General Mike Jackson, who has commanded the British-led Multinational Division South-West for the past six months, was optimistic about the prospects for building peace in Bosnia.

"There has been criticism that progress in the non-military areas has been minuscule," he said. "I don't buy that. There is quite a lot of freedom of movement." Seven thousand vehicles crossed between the Serb and Muslim/Croat areas daily, he said. "Some economic rehabilitation is under way. The roads are starting to be reopened."

He said the first six months of the mission had been remarkably successful, most notably the resettlement of the large area known as the "avril" handed back to the Bosnian Serbs. Early in February, 45 days after the implementation of the Dayton accords, there were no people in the "avril"

apart from British soldiers. Now there are 35,000. Maj-Gen Jackson said that following fulfilment of the tasks given to it by the Dayton accords, it was inevitable the mission would broaden. "I do not buy the phrase 'mission creep'," he said. "I think that's somewhat naïve. The mission was bound to broaden."

He also cited evidence of reconciliation between the former warring factions, but said it would inevitably take time. "It is less than one year ago that the factions were tearing each other apart on the battlefield. It took perhaps seven or eight years for the western Allies and the Germans to get reconciled after the Second world war. We've had peace in Bosnia for seven or eight months."

The British division is now based in Banja Luka, in Bosnian Serb territory. Whereas Pale is still a stronghold for Serb extremists, and the refuge of Mr Karadzic and Gen Mladic, Banja Luka is the centre for more moderate Serbs. Some of them support the restoration of a multi-ethnic Bosnia rather than two clearly separate entities, which most Serbs would prefer.

Banja Luka airport is used by military and diplomatic flights but it is almost ready to reopen for commercial traffic. When the airfield is ready, 1-For will hand it over to the civilian authorities, but that will require agreement between the Muslim-Croat Federation and Republika Srpska.



On the conscience of Europe: Women from Srebrenica mark the anniversary in Bonn yesterday

Photograph: Reuters

Contact nations split on planning arrests

JONATHAN CLAYTON
Reuters

Brussels - A year after Europe's worst war atrocity since 1945, the major powers are squabbling over how to bring the two men held most responsible for the carnage

in Srebrenica to justice. A dispute over how to detain the Bosnian Serb leader Radovan Karadzic and his military strongman General Ratko Mladic has split the five-nation contact group in a re-run of earlier disputes now blamed for leading to the massacres.

"It is the usual mess," a European diplomat said.

He was speaking after representatives of the United States, Russia, France, Germany and Britain issued another bland statement after meeting in London yesterday, which stressed the need to remove the two men from political life. There were no suggestions on how this could be done. Diplomats said old fault-

lines, with the Americans urging a more muscular approach and the Europeans expressing caution, had re-emerged and blocked any consensus.

"Frankly, it was the worst contact group since 1994 at the height of the transatlantic rows over air strikes," a military analyst close to the talks said.

Ironically, those differences were largely ended by the Serbs' over-running of the UN "safe

area" of Srebrenica - an act of such defiance of the international community that it led to a united policy towards Bosnia's Serbs for the first time.

The dispute surfaced this week after Robert Frowick, responsible for organising the first post-war elections in Bosnia, threatened to bar Mr Karadzic's ruling Bosnian Serb Democratic Party (SDS) from them.

Mr Karadzic, an indicted war criminal, remains party leader. Although he retains his title as Bosnian Serb president, he has theoretically handed over his powers and functions to his deputy.

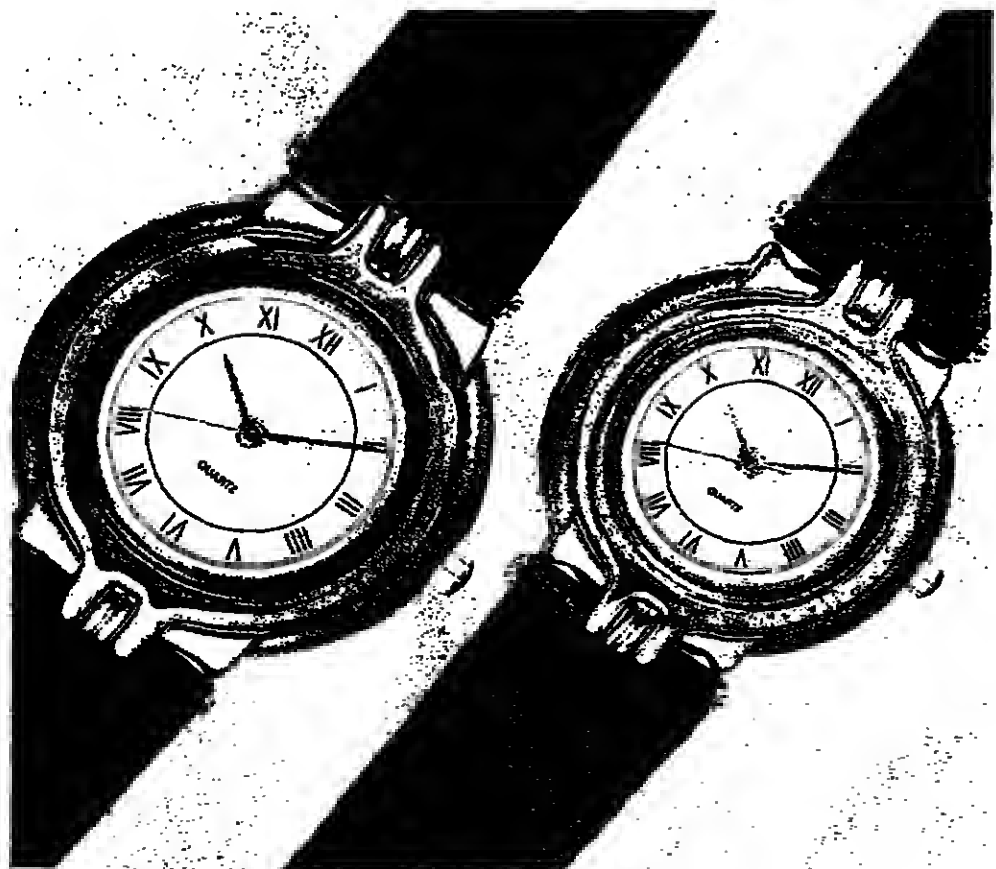
That was good enough for Carl Bildt, the international community's representative for Bosnia, who says the elections must go ahead to keep up the momentum of the civilian aspects of

the Dayton peace accords. "If you bar the SDS, the elections are meaningless," a Bildt supporter said. "The Serbs will see us even more as against them and local unrest and non-compliance [with Dayton] could easily follow."

But Mr Frowick, head of the Bosnia office of the Organisation for Security and Co-operation in Europe, takes a harder line. Under Dayton no one indicted by the Hague war crimes tribunal may participate in the elections. Mr Frowick said he planned to "use the powers at (his) disposal" to block the SDS as long as Mr Karadzic wielded any power at all.

The US state department backs Mr Frowick while Paris and London have fallen in behind Mr Bildt. Germany has sided with the United States.

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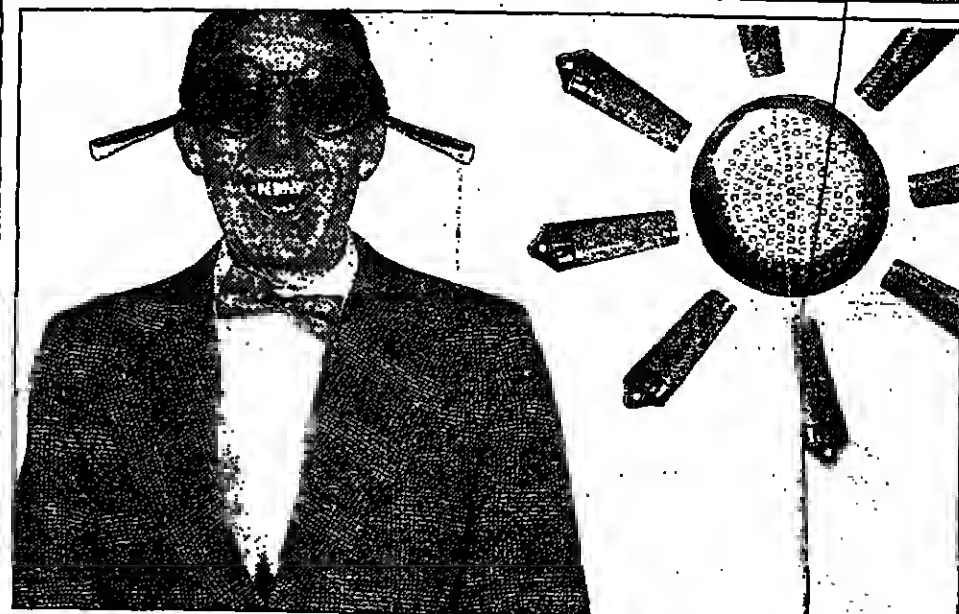
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HK mandarins resign before Britain leaves

Hong Kong — The Director of Immigration has quit with barely enough time to pack his bags, the head of the government's propaganda department is off, alongside a clutch of her senior staff, the only ethnic Indian policy secretary has been squeezed out and a number of other very senior civil servants are refusing to say whether they will stay or go.

Yet the disappearances at the top of Hong Kong's civil service are minor compared with the likely carnage among holders of sensitive government jobs. Around one-third of the most senior officers in the police force are likely to quit before next year's Chinese take-over and the numbers likely to leave the Special Branch are a tightly kept secret.

Asked about the evident unease at the highest levels of the administration, Governor Chris Patten said: "I don't believe that we have any real problems of personnel shortfall or management in the civil service or the disciplined services". He said that the numbers of people leaving were very low, although admitted that at directorate level they were "a little higher". However, there is no disguising worries over dilution of the

The colony is seeing an exodus of civil servants, reports **Stephen Vines**

civil service's quality. A belated localisation programme, alongside a mass of early retirements, has meant over-promotion of mediocre officers. The consequences are likely to be particularly severe in the police force where the commissioner has taken the unusual step of asking his officers to indicate whether or not they intend to leave, in the hope that those thinking of going can be persuaded to stay.

Fearing a mass exodus of civil servants, China has done its best to assure the 180,000-strong staff that its services are valued and no radical changes are envisaged. But unease surrounds the plans for the appointment of policy secretaries, a hybrid position which in British terms combines the role of ministers and permanent secretaries.

It is clear that those wishing to hold on to top jobs are being vetted to ensure they will be loyal to the new regime. An acid test of that loyalty seems to be endorsement of China's plans for scrapping the legislature and replacing it by a provisional, unelected body.

Some senior members of the

civil service have publicly hinted that they do not agree with the administration's policy of non-cooperation with the new law-making assembly, others are believed to have done so in private. Some are more circumspect. A local newspaper conducted a survey of policy secretaries to see who wished to remain in office after the Chinese takeover: about a quarter of those surveyed declined to give a positive answer.

As China is almost certain to be running the colony with leaders who either have very little or no experience of how the Hong Kong government works, it is keen to keep the bureaucracy intact. Lo Tak-shing, the only declared candidate for the position of chief executive, or head, of the post-1997 government, has gone so far as to suggest pay rises for all civil servants to keep them sweet.

However, money and fear of the new regime's intentions are not the only concerns. Civil servants face a host of personal problems, particularly those who have sent children overseas to be educated and settle in an



Colony in transit: A poster for *Feeding the Hungry Gods*, an opera about the return of Hong Kong to Chinese rule

Photograph: Reuters

icipation of the regime but do not wish to split the family permanently. A great many fear that China will not honour pension commitments made by the current administration. They thus favour early retirement and lump-sum payments of their pensions to get their money out

of the system. They also fear that their ability in the Mandarin dialect, the language of the new masters, is not up to scratch.

Taken together these concerns create enormous pressure at senior levels. One senior officer explained her dilemma: "I don't trust the Chinese and I

don't want to work for them but what else can I do? I've been in the service all my life, who else would want me now?" She plans to take early retirement and emigrate but remains unsure whether she will have enough money in the long run. Even the senior civil servants

likely to remain after 1997 appear to have secured an escape hatch, mainly through the British nationality scheme which provides the right of abode in the United Kingdom for those wishing to remain in Hong Kong while they occupy key posts. Technically, members of

this scheme are not full British citizens and will therefore not be disqualified under Chinese rules from holding policy secretary positions. But this will not prevent a quick visit to the massive new British consulate which is being geared up to issue passports at short notice.

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Oliver Robinson

Luckily he had his clubs, the Savage and the Sketch Club, to compensate for the loss of his time-consuming work on *Grass*. He was a long-serving member of the Savage, since 1935, and later as Trustee. As a clubman he was "more of a listener than a performer but you knew he was there". The Sketch Club, with its distinguished membership, will be celebrating its centenary in 1998. It studied regularly in its studio at Chelsea, where the PEN English Centre is its tenant. In the upstairs lecture room there is a dramatic frieze of silhouette portraits amongst which is one of Oliver Robinson – in profile and densely black, a fitting choice for a reticent man.

Marie-Jacqueline Lancaster

Oliver John Robinson, journalist, born 7 April 1908; died 26 June 1996. Housekeeping 1947-67. Editor-in-Chief 1965-67; married 1933 Evelyn Laidler; died 26 June 1996.

"It is as though Mr Boden were celebrating the union of a piece of sheet metal and a lily": *Floor Spiral* by Boden, 1972

produced to the area by the artists Harry and Alma Thubron and himself contributed to the tradition of British artists working in the area, from Bomberg to the present. Drawings, large-scale and on prepared blue grounds, of the mountainous surrounding were exhibited in 1981 in a gallery in Ronda's Plaza de Toros, the opening attended by Neville Bodea's Spanish neighbours, with whom he communicated as much by the warmth of his formidable presence as by his never-quite-mastery of Spanish.

Catherine Lampert

Neville Colin Bodea, artist and teacher: born Albert Town, South Africa; 19 December 1929; married 1959; Helen McMurtrie (died 1972); two sons, 1974 Zuleika Dobson; died London 24 June 1996.

oking ban

smoking in contravention of a general policy; he was charged with smoking in a part of a train where the Board, by exhibiting a notice, had forbidden smoking. Second, and more importantly, even if the bylaw had expressly permitted the Board to communicate its prohibition in some more general way, say by notices in the press or at train stations, the vires of such general prohibition, including questions of rationality and fairness, distinct from the by-law itself, could not be left for individual determination in criminal proceedings as they arose.

To permit the criminal courts to embark on a wide-ranging examination as to the vires of administrative decisions not invalid on their face or, worse, as to their rationality, would be to beckon chaos.

According to Mr Boddington, was not entitled to challenge by way of defence in the criminal

smoking in contravention of a general policy; he was charged with smoking in a part of a train where the Board, by exhibiting notice, had forbidden smoking. Second, and more importantly, even if the bylaw had expressly permitted the Board to communicate its prohibition in some more general way, say by notices in the press or at train stations, the vires of such general prohibition, including questions of rationality and fairness, as distinct from the by-law itself, could not be left for individual determination in criminal proceedings as they arose.

To permit the criminal courts to embark on a wide-ranging examination as to the vires of administrative decisions not invalid on their face or, worse, as to their rationality, would be to beckon chaos.

Accordingly, Mr Boddington was entitled to challenge by way of defence in the criminal proceedings before the magistrate the substantive validity of the prohibition, either as a matter of construction of section 67 and bylaw 20, or as to whether it was irrational. The proper proceedings for their determination should have been by way of judicial review.

Paul Magraith, Barrister

Paul Magrath Barrister

Crusade that strikes at the heart of freedom

The prospect of two British directors of a Canadian company, Sir Patrick Sheehy and Rupert Pennant-Rea, being cuffed and fingerprinted at the John F Kennedy airport is, it has to be admitted, intriguing. Imagine: agents of the Immigration and Naturalisation Service storm Concorde, tear them away from their Louis Vuitton and haul the executives off to a Long Island court. That business leaders should be held directly responsible for the actions of their companies is a great novelty in this irresponsible business climate of ours. There would, too, be a certain irony in seeing the former editor of the *Economist* – a periodical noted for its American enthusiasms – arraigned before a federal judge for anti-Americanism.

That drama is not going to happen. The State Department has sent warning letters: all Mr Pennant-Rea needs to do is avoid holidaying in Orlando. But the humour quickly drains from the picture. What the Americans are proposing is not only high-handed, it is deeply confused. The Helms-Burton Act targets firms that occupy Cuban property nationalised after the Castro revolution in 1959. Signing it was not Bill Clinton's finest hour, for it flies in the face of international law and those principles of free trade that American politicians are so fond of lecturing everyone else about. What is proposed by the Americans is a kind of hullyday. Never mind that

Sheehy's company has broken no Canadian or British or international law by its Cuban acquisition. Never mind the uproar that would greet the arrest at Heathrow of an American on the grounds that the United States permits funds to be raised for Irish terrorists.

Pupils in civics lessons used to be told that the theoretical reach of the British Parliament was untrammelled. It could even legislate to ban smoking in the waiting rooms of Calais gate maritime. The Helms-Burton Act is a similar form of nonsense. This is "extraterritoriality" with a vengeance.

The eagle's stretch has long been wide. The intelligence agencies of America the Superpower have always interested themselves in the trading activity of firms based overseas. But during the Cold War, other governments, including the British, signed up to rules proscribing the sale of arms and arms-related equipment to the Soviet Union and the other Communist powers. The Americans used their muscle, but did not ride roughshod over British sovereignty. Today American elbows are much in evidence over trade to the "rogue states", including Iran and Iraq and North Korea but usually with the connivance of the British or Japanese or other governments.

Cuba is different. There is no global interest and very little relevance even to the national security of the US. Helms-Burton is about a shibboleth of Amer-

ican domestic politics – being tough on Fidel. It should therefore not be seen as some concerted act of aggression against British interest. Indeed, the ill-judged and half-baked nature of the exercise is shown by its effect on Canada where there is now serious talk about counter-legislation allowing Canadian firms to sue the US government in Canadian courts – conjuring the prospect of mountains of claims on US embassy furniture in Ottawa.

The United States is risking damage to the fabric of world trade and investment for the sake of a fixation. Cuba is a mere wart, a hemispheric disfig-



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may not last beyond November. Were Bill Clinton to win this autumn, it is entirely possible that come next spring, political circumstances would allow the repeal of this extraordinary piece of legislation. We hope.

For it must not become a precedent. If the Americans are saying the Cuban or any other government is not legitimate, that view has to be argued multilaterally. There is, sketchy in parts but surprisingly robust in others, a body of convention and treaty that makes up international law. The United States of America is one party to it, not its arbiter. Domestic political whim cannot just substitute for procedure and negotiation – especially as the axis of world trade turns on its new eastern pivot. (Contrast American trade policy towards Cuba and that other Communist country, China.) Americans have to observe the norm of reciprocity, too. How they would scream if other countries started prosecuting US-headquartered corporations for offences committed in third-party countries against, say, German or British or Spanish law.

argument than the United States has supplied. The proper course of policy ought to have been: persuade those foreign governments to make it an offence to trade with Havana. Instead, the Americans have struck at the heart of the free enterprise system by seeking to drag down commercial firms in a political crusade. Seeking to arrest or exclude Sir Patrick Sheehy is not only ridiculous, it is dangerously antagonistic to principles Americans ought to hold dear.

A match made in Heaven

The new edition of *Hello!* magazine, that weekly glossy gush, has sold out in hundreds of newsagents. What has caused the frenzy? Pictures of a svelte British princess posing doe-eyed in exile?

Nope. The answer is the marriage pictures of one fat Englishman, known for his tendency to tears and his execrable taste in clothes. Yes, Gazza's wedding. But now comes the interesting part: we learn that the people scurrying in to buy the magazine have been largely male. Men are sneaking home with *Hello!* and a large box of tissues to gaze at romantic wedding pictures. Could it be that Gazza is going to reach the British male to huh?

LETTERS TO THE EDITOR

Respect for MPs at a historic low

Sir: Your paper has published a number of stories recently over what is seen as the decline and unpopularity of the Commons.

It does tend to be the case that when a government is deeply unpopular, this feeling extends to Parliament itself, and even more so if there is a good deal of individual economic insecurity.

A report from the Commons Procedure Committee in 1946 compared the atmosphere then and what its predecessors found in 1931-2.

Whereas previously the country was undergoing severe economic stress and there was therefore a tendency to criticise all the institutions of government, including Parliament, the post-war committee found itself in a different situation. The report said: "The country has recently emerged from a war in which parliamentary activity was maintained and contributed in large measure to its successful prosecution. Consequently, there is not at the present time any strong or widespread desire for changes in the essential character of the institution. Indeed, the prestige of Parliament has probably never been higher."

In his *The Power of Parliament* Ronald Butt quoted John Strachey and Professor Joad writing in 1931; the two wrote: "Parliament is dying and dying discreditably... nobody, except the professional parliamentarians, can sit through its languid and half-hearted proceedings and doubt it."

That, incidentally, was part of the statement of Mosley's New Party before it went fascist. Indeed the truth, as many commentators have pointed out, is that there has hardly been time (except in the immediate 1945 post-war period) when it was not said that Parliament's prestige was low.

The Commons has evolved over the centuries, and will no doubt continue to do so. A change of government after 17 or 18 years, and a large influx of new members, should help to improve matters, and this should be even more so if policies passed by Parliament are then seen as being in the interest of most people – as were the policies of the 1945 parliament. DAVID WINNICK MP (Walsall North, Labour) House of Commons London SW1

Sir: If this government and its party believe in the free market, their attitude to MPs' pay (reports, 11 July) is rather odd. The question must be asked: is there a shortage of people wishing to become MPs, that they need a pay rise to attract more? I think not.

If the Tory party believes they need more money to attract higher-calibre candidates then who are we to argue? But not out of public funds. Local pay is the answer. Each MP could negotiate an element of local pay funded by their constituency party or association, on top of a national 2 per cent rise. ROGER HANCOCKS Workshop, Nottinghamshire

Sir: I understand that certain categories of staff in prestigious hotels, such as doormen, actually pay to be employed in that situation because of the "perks" associated with it. Given the many opportunities for "perks" attached



to the position of Member of Parliament ("Such a thing as a free lunch", 8 July) should we not ask candidates at the next general election to tender for their constituencies with a ballot? S PAWSON Norwich

Sir: So MPs have decided that their pay should be brought in line with other incomes. Why is it that only an ineffective minority of them believe that this should apply also to state pensioners? G W ALDERTON, Helsby, Cheshire

Sir: I am a general practitioner about to start my third 14-hour day of the week, and this is before I work any nights, evenings or weekends. I wish I could have a vote about my pay. RICHARD SLOAN, Castleford, West Yorkshire

Peace in peril in Angola

Sir: We write as the UN Security Council yet again debates the fragile peace process in Angola. Full implementation of the agreements signed in Lusaka in November 1994 is, we hope, still possible, but is endangered by Unita's prevarications.

We fear that Unita is retaining a military option, and thus refusing to comply fully with the agreements it signed. The pace of quartering of Unita troops in reception camps is slower than agreed, and the quality – with many being old men or young boys – suggests main armed units

are being held back. Weapons surrendered by Unita have been poor in quality, and there has been little sign of their known heavy weaponry, artillery and ground-to-air missiles. At the same time, their control over diamond areas enables them to finance the resupply of their forces through air links from Zaire and elsewhere, by diamond deals in international markets such as Antwerp and London.

Existing UN sanctions – which ban arms supplies to Unita – should be fully enforced, rather than just remaining on paper. Britain and other Western countries should collectively enforce laws against trading in stolen Angolan diamonds. The UN Security Council should empower UNAVEM forces (strengthened if necessary) to locate, identify, and ultimately seek the surrender of any Unita forces remaining outside the quartering areas, in breach of the Lusaka agreements.

Peace in Angola can never be secure if Unita refuse to demilitarise and become a political party with a stake in a government of unity and reconciliation. Action, not just words, is needed to ensure they finally abandon the military option they have used so destructively in the past. BOB HUGHES MP Chair, Action for Southern Africa MALCOLM HARPER Director, United Nations Association STAN NEWENS MEP President, Liberation FETTER BRAYSHAW Co-chair, Mozambique Angola Committee London NI

In fear of cyclists on the pavement

Sir: The Government's plan to make cycling more popular is a good one (report, 11 July) but I hope it will not encourage the alarming habit of pavement cycling.

Cycling on the pavement is sensible for children. With the arrival of the mountain bike we have had to become used to belligerent, baseball-hatted teenagers belting past as we press ourselves to the wall or jump into the gutter. Recently a new and more threatening group have taken their bikes "off road". I now see middle-aged, middle-class people pedalling triumphantly amongst the pedestrians. They wear all sorts of safety gear. Luminous yellow bands so that elderly ladies won't trample them down and multi-coloured crash hats to protect their heads should a small child end up under their wheels.

I have talked with several pavement cyclists. I point to the problems that might occur when a six-foot, thirteen-stone man riding at 25 miles an hour approaches an elderly person who might suddenly stop or change direction, but the only response is, "But I cycle carefully when I'm on the pavement."

All we pedestrians can do is to wear protective clothing and lights fore and aft, and make sure that, if we want to look in a shop window, we give a clear hand signal before we move across the pavement. Alternatively a stick shoved in the front spokes of a pavement cyclist could do a lot for the pedestrian

side. Whatever we do, it had better be done quickly. I stepped out of my front door on to the pavement recently and narrowly avoided being knocked down by a young woman riding a 250cc motorcycle. COLIN WHEELER Farnham, Surrey

Don't let the madmen win

Sir: I recently visited three primary schools, and put my daughter's name down for the nursery at one of them. A major factor in deciding which to choose was that I could open the school gate, walk across the playground and into the school building, and ask a young boy for directions to the head teacher's office. He was able to talk to me quite confidently, and was clearly proud to be helpful. He did not run away in fright or call for a teacher.

I do not want my daughter to attend a school where there are security devices on every door, and where children do not feel as safe as if they were in their own home. I want her to be able to get out of the building on her own if necessary, even at four years old.

The two other schools both had locks fitted on all external doors, with the catches at adult eye height. This means that the younger children would not be able to escape in the event of an emergency, and those outside would not be able to reach them without breaking a window.

If we rush now to increase school security, then the madmen have won. Our children will be brought

up in a culture of fear, and will never be free from it.

After Dunblane I heard parents on the radio saying their children had asked whether such a thing could happen at their school. For any child of primary age the answer has to be, "No, it will not happen to you." The risk of being wrong is far better than the cultivation of fear in every child in the country. CATHERINE YOUNG Luton, Bedfordshire

Lutyens' dream

Sir: I read with great interest Jonathan Glancey's article (9 July), proposing the completion of Lutyens' great scheme for the Cathedral of Christ the King, Liverpool, as a worthy Millennium Fund project.

I am second to none in my admiration for Sir Edwin's genius, and would recommend any lover of architecture to make pilgrimage to view the mighty fragment, the Crypt, which was completed. However as custodian of this, and of the Sixties Gibberd cathedral which succeeded it, I am mightily glad that the latter, with all its faults, and not Lutyens' impractical scheme, was brought to fulfilment.

Readers may like to know that visitors to the Lutyens crypt are always welcome, though access at present is tortuous and can only be in guided parties. It is one of our millennium projects greatly to improve public access to the crypt so as to make much better use of its majestic spaces. Mgr PETER COOKSON Administrator Metropolitan Cathedral of Christ the King Liverpool

Labour's tough fiscal rules

Sir: Gavyn Davies' description (8 July) of Labour's fiscal rules for public borrowing is fair and accurate. But in arguing that Labour's fiscal objectives are less tough than those of the Government, he is being far too generous to the Chancellor of the Exchequer.

Labour is committed to ensuring that, on average over the economic cycle, public debt as a proportion of GDP remains at a stable and prudent level. Gavyn Davies contrasts this with the Conservative objective of a balanced budget and concludes that the latter is tougher.

But the Government's objective is not to balance the budget on average over the economic cycle. In fact, the Government's fiscal objective has been progressively weakened over the past decade. In 1988, it was to balance the budget every year. By 1991, it had slipped to balancing the budget on average over the cycle. By 1994, it had weakened again to balancing the budget in the medium term.

And now, as Gavyn Davies acknowledges, Kenneth Clarke's declared objective is merely to "bring the PSBR back towards balance over the medium term" – not on average over the cycle but in one year at its end.

The Government's fiscal objective says nothing about how much borrowing can occur in the meantime. Indeed, it is quite consistent with a rising ratio of debt to GDP, as current events confirm. Since the beginning of the current economic cycle in 1990, the PSBR has averaged 4.1 per cent a year. Last year's Red Book predicted that the PSBR would return to balance in the financial year 2000/2001. But even over the entire cycle 1990/91 to 2000/01, the Red Book shows that the PSBR would be an average 3 per cent of GDP a year – considerably higher than the average of 2 per cent a year which Gavyn Davies calculates would be needed to stabilise the debt-GDP ratio.

The latest Summer Economic Forecast has again revised upwards the Government's forecasts for public borrowing – and presumably put back the date at which the "medium term" and elusive balanced budget will arrive. But the Summer Forecast does reveal that the Government expects the ratio of gross public debt to GDP to rise from 36 per cent in 1990/91 to 56 per cent in 1997/98. Hardly a stable ratio.

EDWARD BALLS Economic Adviser to the Shadow Chancellor House of Commons London SW1

Colossal enigma

Sir: Your article on the origins of the computer (8 July) is headed by an incorrectly captioned photograph, purporting to show a Colossus, an early computer built at Bletchley Park in 1943.

The Colossus was over 2m high and 3m long, and weighed a tonne. What your photograph shows is an enigma machine, a portable German electromechanical coding machine (only about 34 x 28 x 15cm), widely used by the Germans during the last war. Colossus was built specifically to aid in the decrypting of Lorenz messages, which were based on a more sophisticated system than Enigma. Dr MARK BALDWIN Clebury Mortimer, Worcestershire

interview

'If I sat at home and someone won the Olympics in 10 seconds I'd regret it the rest of my life'

A week before the Olympic Games, Linford Christie speaks exclusively to Mike Rowbottom about the shape he's in

As Linford Christie is fond of remarking, it is just a number. But with the defence of his Olympic 100m title just two weeks away, the uncomfortable question arises: at 36, is his number finally up?

Since the most successful British athlete of his generation belatedly committed himself to the Olympics in Atlanta, he has spent almost as much time with his doctor as he has on the track. There is no more jittery period for an athlete than that immediately before a major championship, when every niggle or nagging pain assumes potentially devastating proportions in the competitor's mind. For Christie, however, the latest problems merely extend his year-long sequence of misfortunes with injury.

Christie is running in the full knowledge that his career is precarious. Having recently recovered from a groin strain, his present concern is with his hamstrings, the muscles behind the knees that tighten up painfully after races. Dr Hans-Müller Wolfhardt, the Munich specialist whose other patients include Sally Gunnell and the German football team, is keeping Christie in the running. But there are other, more deep-seated fears.

Last year a scan revealed the cartilage on both his knees was badly damaged that the only effective treatment was an operation. This season, specialists have advised him that he would not be able to recover from such treatment. "The day I need to be cut open is the day I should stop," he says.

If Christie were a car, he would be a vintage Rolls-Royce – engine holding out but clutch and gears beginning to play up. After an uneasy pause, he takes

on the image with some amusement. "When anything used to go wrong with your car, they would repair it," he said. "Now what they do is replace it. I understand that little bits and pieces go wrong, but I don't need a complete overhaul. You can live with injury for a period. You can just go along. Pain is something you get accustomed to."

Defeat is also something Christie has had to become accustomed to in recent weeks, most notably by his training partner Frankie Fredericks, who is currently a metre ahead of anyone else in the world. In the circumstances, the recent utterances of the Olympic,

Christie, however, insisted that commercial pressures had not played a part, and that he had been undecided until the eleventh hour. "When I said I didn't want to go I meant it. I sat down and thought, 'Well gosh, what have I got to prove? Why do I need to go?'"

Among the factors that prompted him to change his mind, Christie numbered public support, loyalty to his long-time coach Ron Roddan, who, Christie felt, would leave the sport if he did, and a more stable relationship with the British Athletic Federation following his long-running dispute over his appearance fees which undermined most of last season.

ing with the media over the way I was being portrayed. I got a lot of letters saying that I should go to Atlanta, and in the end I thought: why not?"

A shift in attitude had occurred – even if there were several more arguments with the media. And for all his current difficulties, Christie has grounds for hope in Atlanta. He is one of the greatest athletes this country has ever produced, and after 10 years at the highest level he knows exactly what he needs to do to get the best out of himself.

"It would be nice to be running under 10 seconds, but it's not necessary right now," he said. "Once you've climbed Mount Everest it's not such a huzz to go up Ben Nevis."

"The problem is that when I go into a grand prix meeting the adrenaline is not there because it doesn't mean that much. It's great to win them all, but when you go to the Olympics you realise that these are the Games. That's when the adrenaline really starts flowing."

"I believe I'm going to do very well. Extremely well. I'm not going out there to make up the numbers. I'm going there to win."

"It's always good to go out and mix it and that's what I'm best at. I enjoy standing on the line and not knowing what's going to happen. I don't feel out of touch at all."

"I've beaten everybody apart from Frankie. He's run well and done his bit in making people think that he's The Man. But everyone has their own way of preparing."

At which point another inevitable query arises. Since Christie began training with Fredericks last year, the 28-year-old Namibian has discovered the form of his life – in the past 10 days he has beaten the seemingly invincible Michael Johnson over 200m and come within 0.01 second of the world 100m record of 9.85 seconds. Who, one wonders, is gaining most out of this partnership?

The same question was asked of Christie's friend and business partner Colin Jackson after the last Olympics when he was soundly beaten in the final by his Canadian training partner, Mark McKoy.

Christie's response is magnanimous. "The first week Frankie and I started training together I broke the world indoor 200m record. He never turned round and said any-



Linford Christie: 'I'm not going out there to make up the numbers. I'm going there to win'

Photograph: Allsport

'People see me as a bad boy or a rebel ... I'm a person who can pack stadiums'

European, Commonwealth and former world 100m champion have taken on the feel of a mantra: "I have won everything ... There is nothing to prove ... There is no pressure on me to win anything."

Since breaking down in tears on ITV's *Sport in Question* programme in June of last year, and saying he could not face defending his Olympic title – "I just can't take any more" – he has evaded questions about whether he would change his mind.

But most people, including his major rivals, believed he would be unable to resist one last hoorah if he was in any kind of shape, and when he announced his change of heart in time for the British entry deadline it was widely described as the worst-kept secret in athletics. Cynical observers pointed to Christie's inclusion in pre-Olympic publicity material from his kit sponsors, Puma.

"It's a risk that in the end I had to take," he said. "It would have been easy to have sat at home. But then if someone won the Olympics in 10 seconds flat it would be something I'd regret for the rest of my life."

No one has won an Olympic 100m running 10 seconds or slower since 1980.

One might think that delaying such a decision would have increased the pressure on him, but he maintains that this season has been far less stressful for him than last.

At least part of that detachment came in the wake of his mother's death a few days after his unexpected resolution not to defend his title in 1996. She had been in hospital at the time of the television appearance.

"I changed after my mother died," he said. "I woke up and smelled the coffee. It made me realise there was so much more to life than going round argu-

thing to me. He was still there, and I'm still going to be there. I will be as gracious to him as he was to me. I had struggled hard for a long time to find someone suitable to train with. It's always been me against the world, but now I feel as if I have got an ally."

Fredericks' recent successes, he believes, are good for the sport. "The competitiveness is still there between us, but I think sometimes you have got to be unselfish. It's good for sprinting to be taken to a new level, whether it's by me or by Frankie."

There is a possibility that Christie will not have to worry about his friend when it comes to the 100m, as Fredericks is not yet decided on whether to double up in the sprints. "He hasn't said anything about it," Christie said. "He doesn't know what he wants to do. But he doesn't feel the programme is conducive to doing the 100 and 200. The three days gap between the events might look like a good thing, but it is actually going to make him very sore. It would be better to have only a day's gap."

In the city that bounces the world headquarters of Coca-Cola, Fredericks' more robust training partner – who has entered the 100m, 200m and the 100m relay – is seeking the

Real Thing. That energising motivation, which knows, will be complemented by his proven ability as a runner of rounds.

Unlike the one-off races of the grand prix circuit, the 100m in Atlanta will consist of four rounds over two days. One of the most impressive things about Christie's famous victories at the Olympics of 1992 and the world championships of 1993 was the efficiency with which he negotiated such a sequence of challenges.

Those 1993 championships, he still feels, presented him with the greatest challenge he

position now, he believes the pressure is bearing down in other directions – most notably on those young sprinters who will have to follow him.

"I think of this year as my last in international competition," Christie said. "Next season I am planning to run maybe four or five races. The world championships don't really interest me. So this year is my legacy year. Whatever I leave behind the next British or European guy is going to follow, and it's going to be pretty tough for them."

"People see me as a bad boy

'It would be totally uncanny if I decided to stop. My body would fall apart'

has ever faced – greater than that which now faces him in Atlanta. In defeating a field that included Carl Lewis, the Olympic 100m champion of 1984 and 1988 who had not made the US team for the 1992 Games, Christie made his point about the validity of his performance in Barcelona the previous year. "If I hadn't beaten Carl, people would have said my Olympic win was a fluke," Christie recalled. "That, for me, was pressure."

But when he considers his

or a rebel, but at the moment the British Federation have got a star. I'm a person who can pack stadiums. Who's going to be there to race the Americans when I go? That is when reality is going to set in."

The reality of giving up competition is going to hit him just as hard, however. Christie loves the minutiae of athletics, the hard work, the banter. The idea of giving it all up scares him more than any opponent ever has.

"It would be totally uncanny

if I just decided to stop," he said. "It wouldn't be good for me. My body would fall apart." He plans to train on in the same manner he has in the last few years, visiting Australia and Florida with his little group of like-minded athletes such as Fredericks, the world 200m champion Merlene Ottey and young British runners such as Adrian Patrick.

"It's the circle of life," he said. "Whether I like it or not, I know I'm coming to the end of my career. Over the years, I've learned my event better than anyone else and I think I've a lot to give and to pass on to the sport."

For now, however, he has other things on his mind. Tonight's grand prix meeting at Crystal Palace marks his Olympic send-off by a home crowd. As he relishes the applause, he will be reflecting on one of the favourite sayings of the national coach, Malcolm Arnold: "The difference between a good athlete and a great one is the ability to rise to the occasion when it matters."

Can Christie do it again? The odds are against it. But as the US sprinter Jon Drummond remarked to him after last month's 100m at the Paris grand prix, "One thing I can say to you is that your old ass can still run."

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Is it the end of the road for the cycling MP?

Story so far. Tory MP Jerry Coulterville, the "bicycling MP", has been invited by the BBC to appear on the *Today* programme to enthuse about the Government's new pro-bike policy. Unfortunately, he has acquired a false reputation as a bicycling expert and doesn't know anything about it. Even worse, he has said that he will bike from Richmond to Broadcasting House, off Oxford Circus, to do the broadcast, which is at 7.15 am.

"You'd better get the bicycle out tonight to make sure it's all right," said Mrs Coulterville.

Mrs Coulterville was intrigued by her husband's plan to cycle all the way in at rush hour, though only mildly intrigued. But then, she was only mildly intrigued by her husband's political career. Come to that, she was only mildly intrigued by her husband. She was much more interested in her own job, which was actually counselling people after accidents involving police cars.

"Absolutely," said Jerry Coulterville.

(Have you noticed that MPs are almost constitutionally incapable of saying plain Yes? Maybe it doesn't sound positive enough. Maybe that's why they always say Exactly or Precisely or Totally ... Sorry – I digress.)

He got the bike out. It looked fine. He took it out for a spin. It felt bumpy. He looked down. It had a puncture.

"It's got a puncture," he said.

"Mend it," said his wife. (Have you noticed that counsellors are often quite abrupt when they are off-duty? As if it is almost a relief to get away from being sympathetic? Is being off-hand good therapy for a counsellor?)

Will a counsellor be a better counsellor if he or she is very offensive the rest of the time? Just a thought ... "It's years since I mended a puncture," said Jerry Coulterville. "I'm not even sure that I've got a full puncture kit. Have we got any tyre levers? And if not, could I borrow some teaspoons ...?"

He could have spared him-



Miles Kingston

self the breath. Mrs Coulterville was not listening. Not listening is another form of therapy for counsellors, no doubt. Sighing, he went off to locate the bike, the kit and the teaspoons.

Half an hour later he seemed to have mended the puncture. But just to be on the safe side he phoned Tory Central Office Helpline, the one they keep open for emergency broadcasts.

"I'm Jerry Coulterville," he said. "My problem is that ... Are you a Tory MP?" said Tory Central Office Helpline. "Of course I am!" said Jerry, feeling somewhat put out. "Look, I have to appear on the *Today* programme

tomorrow to talk about our cycling policy and I wondered if you had a spare bicycle."

There was a burst of laughter and the line went dead.

The next morning the alarm woke him at 4.30 am. For a moment he couldn't think why on earth he would want to wake so early. Then he remembered. He jumped, or rather fell, out of bed, and got dressed. It was just getting light. He felt rather good at getting up so early. At 5 am he took the bike out on the road and noticed the puncture had come back again.

"Oh no!" he groaned. "I must have done it all wrong!" (In which he was quite wrong. He had actually by a miracle done it right. It was just that the glue he had used was too old to stick any more.)

There was only one thing to do. He phoned for a taxi. "Had a puncture," he explained to the driver. "So we'll have to take the bike too."

"What's the point of taking a bike with a puncture?" said the driver.

Jerry Coulterville was just

about to explain about the *Today* programme when he felt that explaining it to a taxi driver would be no more hopeful than explaining it to his wife. So he said he was taking it to his bike shop near Oxford Circus, and left it at that.

When he got out of the taxi at the BBC, he prepared to lock the bike up and then realised he hadn't got a lock. Trusting to luck, he went on the programme and was humiliated when his Labour MP counterpart revealed that he had seen Jerry Coulterville arrive with his bike in a taxi.

When he got outside again it was raining and his bike had been stolen. Going to the local police station to report it, he was knocked over by a police car and later that same day found himself receiving counselling from – guess who?

No, quite wrong. He found himself receiving counselling from a lovely girl called Yvonne Arthur, with whom he started having an affair three months later. But that is another and equally depress-

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the commentators

Is there an accountant in the House?

Now that MPs have awarded themselves a £9,000 pay rise, it's time to check they are worth their salt

MPs have gone and done it. The leaders of the three main parties thought they were wrong. So what should happen now? It is very simple. We need a retrospective productivity deal. Of course it would have been better to have negotiated this in return for the increases in salaries, but now the deed is done we need to make sure that we get value for our money.

The first thing to be clear about is that the headline salaries are not the problem. Naturally, whenever people decide their own salary they attract criticism, as directors of public companies have found out. Since in the case of MPs the money has to come from taxpayers, the majority of whom earn less than the £34,085 they get now, let alone the £43,000 they voted themselves, the extra £9,000 is an additional transfer from poorer to richer people. But by professional or executive standards, even the higher figure is not out of line, as the review body concluded.

The second thing to be clear about is that overall quality of MPs is not the problem, either. These are decent people. To say that might seem politically incorrect, given the public perception of the way politicians conduct themselves – their drunkenness, their

mistresses, their frechies, their willingness to trouser cheques for asking questions in the House. But by world standards British politicians seem models of propriety.

Compare with France, where a former prime minister, Pierre Bérégovoy, committed suicide following allegations of corruption. Compare with politicians in Italy, Japan or the US, where hardly a week goes by without some further allegation of graft.

No, the problem is not too high pay, nor sleazy behaviour, but the fact that the work of MPs has not been subject to objective scrutiny. The revolution in the assessment of managerial and professional performance, that has swept the world has passed Parliament entirely by. So the deal should be this: if politicians want to be paid professional salaries, their work should be subject to the same scrutiny as other professional workers. Here are five areas that need to be examined.

First, we don't know the optimal size for a constituency. The Isle of Wight has an electorate of just under 100,000. At the other end of the UK Orkney and Shetland have an electorate of 31,500. Most constituencies seem to have about 60,000-70,000 electors, but there has been no objective study as to whether this is appropriate, or



HAMISH MCRAE

whether, say, 80,000-90,000 would be a better range. Are voters in the smaller constituencies more satisfied with their MP's performance? Or do the economies of scale of a larger constituency encourage a more professional service? Here is an absolutely basic question – how many MPs do we need? We have not got the basic information on which to form an opinion. Maybe 651 MPs is the right number. But I suspect, objectively, it could be 450, or fewer. If a proper study were set in motion now, the constituency map could be redrawn in time for the next election after this one.

Second, we need to examine the support costs. One obvious example is the expenses MPs charge. At the moment allowances are far more liberal than they would be at a similar salary level in the private sector. For example, MPs can draw up to £46,000

for office costs. A number of them pay part of this to their wives or significant others. (Some subsequently marry their significant others, but we will let that pass.) Now imagine what would happen if a middle-ranking executive decided that he or she was going to draw an allowance for someone in their own family. It would be unthinkable. Yet in politics this is standard practice. As a first step a firm of accountants ought to report on the costs of the whole support structure for MPs to make sure the money, our money, is being spent properly.

Third, if the costs of the MPs' back-offices are being scrutinised, so should their efficiency. There are an obvious series of practical measurements that any other service industry employs: response to constituents' queries would be one, satisfaction of constituents another. We could then see some league tables showing the best-performing MPs and the worst. Remember, we would not be assessing the quality of MPs' ideas – those are their own – but rather how well they perform their basic job.

Fourth, we should look at the way MPs spend their own time. Is it efficient to spend hours in the chamber? How much time is spent actually working? Businesses spend a lot of

effort in trying to minimise the burden on expensive management time. Parliamentarians have hardly begun to think in these terms.

Finally, of course we need to look at the whole process of Parliament. Is it efficient, for example, to have people sitting there far into the night? Is it necessary to have question time every week? Does it legislate too much? Or too little? For many politicians the very idea that their output should be measured and assessed would seem ridiculous. Go back a generation and it would have seemed equally odd to doctors, school-teachers, or bank managers. But assessment has been the crucial tool in improving the quality of the service to the end user. Politicians cannot become better performers without it.

By normal management standards this is a pretty standard problem: a stodgy, underperforming division, which has not been sensitive to its customers' opinions and which needs shaking up. The three party leaders have had among themselves. Now is the opportunity to step in and do what the top people in any half decent multinational would do: clear it up. And I suggest they take these five points above as starters.

BOOK REVIEW

A Separate Creation (How Biology Makes us Gay)

Chandler Burr

Bantam Press, £16.99

The X in sexuality

"My mother made me a homosexual" ... "Oh good, she made me one too?" may be a weak joke but it neatly summarises gay men's mockery of crude attempts to explain their orientation. Devotees of the dominant mother theory can, however, take heart: scientific studies in America now suggest that mothers are responsible, after all, via a specific genetic variant on the X chromosome that they pass on to their sons. In 1991 the neuroscientist Simon LeVay claimed to have discovered a small cluster of cells in the hypothalamus of the human brain that was larger in straight men than in gay men ... this science makes size queens of us all. From then on, the race was on in institutes across America to isolate the "gay gene". Chandler Burr charts the race with considerable skill. His elucidation of complex scientific theories is admirably clear, although he betrays his journalistic training in cheap descriptions (nearly all the scientists are defined by their hairstyles) and groundless gobs ("They worked weekends").

Despite paying lip service to the opposition, Burr clearly accepts the view of the geneticists. To them, sexual orientation is part of our DNA and no more a matter of individual choice than right or left handedness. This will come as little surprise to gay people themselves who, with the exception of the political lesbians of the Sixties and Seventies, have rarely considered their sexuality a matter of choice. More contentious is whether it is so uniquely determined by genes. Experience shows that sexual identity is subject to many forces beyond genetic determination, notably psychological influence and social construction, both of which Burr and his scientific sources ignore, dismissing Freud and failing even to mention Foucault. Instead they suggest that there has been a constant number of homosexuals throughout history. This, as any student of classical Greece or other gay-friendly culture knows, is patently untrue. Burr claims that "an inter-erectly heterosexual person is not homosexual even in the midst of homosexual experience". He crucially ignores the vast amount of same-sex experience from those who identify as heterosexual and grossly underestimates bisexuality. Indeed, two of the scientists quoted independently exclude acknowledged bisexuals from their studies. There are constant attempts to identify human sexuality with that of animals. Human beings do not just have consciousness but self-consciousness: our behaviour cannot be equated with the "mount or be mounted" reaction of rats. There are major biochemical as well as social, emotional and intellectual distinctions.

The problem with the current theory is not that it is offensive but that it is unconvincing. Moreover, even should it prove to be true, it has no bearing whatsoever on individual morality or the exercise of free will.

Many gays in America are seizing on the idea of a gay gene as if it somehow legitimises them. This, as Burr remarks, is absurd and even dangerous ... after all, cancer is genetic: does that make it good? Unlike the search for the gene for cystic fibrosis or Alzheimer's, there is no medical benefit to be gained from discovery. Homosexuality is no longer classed as a disease, except in the diseased minds of religious fundamentalists. Indeed, one might ask why there has been no attempt to locate the gene for religious fanaticism, which poses a far greater threat to society.

The suspicion that, for all their disavowals, the scientists are working to a political agenda is confirmed by the interest that the American army is taking in the gene's isolation. The irresponsibility of many of the scientists who consciously leave it to others to deal with the moral implications of their work is horrifying. Will the gays who now welcome the gene theory be so keen in a few years' time if it becomes possible to abort "gay" fetuses? And where does that leave the religious right who are both violently anti-abortion and virulently anti-gay?

Soon it will be possible for growth, skin tone, eye colour and weight all to be engineered in a process of unnatural selection that leaves humankind literally and metaphorically working to a Californian blueprint. If the gene theory turns out to be true, such a homogenised, heterosexual future will be the inevitable conclusion. "O brave new world, that has such people in it!"

MICHAEL ARDITTI

King Billy and I

John Lyttle recalls the joys of a Shankill childhood on the Twelfth of July

I liked the huge banners, of course. They were my first exposure to art, or more precisely, to the look of art, though any child could recognise and savour their cartoon immediacy: the bad, bald reproductions of King William of Orange – King Billy – crossing the Boyne, circa 1690, bejewelled and handsome astride his white steed; the ladies in shifts clinging to a rock amidst a stormy sea, eyes beseeching heaven, and a light appearing in the black sky above; the stirring scene of the Apprentice Boys closing the gates of Londonderry during the siege, ready to fight to the last man. And woman and child.

On the morning of the Twelfth, my maternal grandfather would make toast on a fork by the open grate and fill our sleepy heads with the Apprentice Boys' sacrifice: "They were so hungry they ate the rats. But they did not bow the knee. 'No Surrender' they said and 'No Surrender' they meant." I even liked being dragged from my bed extra early, despite the morning of the Twelfth arriving hard on the heels of the Eleventh, Bonfire Night. The 24 hours before would be spent humping the Pope and effigy, on wasteland or in the middle of our narrow streets, atop small mountains of planks, crates and discarded settees (we'd search the back and sides for money and always find some) – the hard-earned detritus of working-class life on the Shankill Road, assembled months in advance, door-to-door, by us children, anticipating rare pleasure, celebration, community spirit.

We'd roast potatoes, boast of how our great grandmother ran guns for the UVF, swig Barr's American Cream Soda, and chant ("No Pope He'll Not Holy Water! No Home Rule For Ireland!"). "We are the People!" "Ulster Says No!" "Kill the Fenian Bastards!". The adults would, however nearby, bright-eyed with drink, the taciturn men for once talkative and cheery, and the women, young and pretty but already running to fat, awash with unaccustomed colour, the reds, hot pinks and defiant whites prepared to compete, come the moment, with the lads' orange sashes.

Street life. Street theatre. Protestant supremacy. But as the bands, lodges and guilds gathered, some 50,000 to 80,000 strong, in a wearisome, always ill-executed wait, thanks to hangovers and what my father dismissed as "a perennial lack of brain power", what I liked most was the sound of the Lambeg drums. Complex, chattering, tribal rhythms, heavy, insistent and hypnotic, they made the legs twinge,



The art of marching: after the Lambeg drums, the banners were the best thing

Justin Leighton/Network

made the feet want to march. Primitive magic. I was literally moved. The sound and the spectacle: the faces, mostly familiar, mostly female, waving Union Jacks, lining the route, aunts and sisters and cousins ("There's our John! Good on ya love!"), the police vans, the army Chieftains; the boys in the band wearing bright blue cardigans, twirling silver-capped batons high into the warm, sunny air, jaunty matching caps in place; the old men in grey suits, wearing bowler hats, white gloves and smug expressions. I often wondered about those men. I wonder still. I seldom, if ever, saw them on the Shankill but nevertheless these small businessmen, local council

members, Unionist small wigs – the police but poisonous rigid middle-class – ran the Orange Order, at least until recently, when the desperate need to attract disenchanted youth – a youth that once automatically joined, as their fathers and their fathers had before them – shifted the power demographics downmarket, and perhaps, in the direction of Drumcree (because youth loves excitement, action, their gobs on the evening news). But once the old grey men ran the Order, and for a long time, ran Northern Ireland too, as if by divine right. From 1921 to 1972 the Six Counties had six Prime Ministers, all Unionist, all Orangemen, all patho-

logically certain that their allegiance to God, Crown and the Protestant Ascendancy meant they were ever special in English eyes, even after the civil rights marches of the Sixties, the closing of Stormont, the wooing of Sinn Féin to the conference table. The truth only seems to be penetrating now, an unexpected dividend of the peace process being the time to think that despite bomb, bullet and IRA ambush, the Nationalists have played the media better, that the RUC won't lay down their uniforms and join the last burrah, that even if John Major has to rely on Unionist votes in the Commons, the English political system still sees them as anachronisms –

simpistic 19th century minds facing 20th century complexities. And they feel hard done by, pushed, forced to fight – forced to fight for their surely unquestionable right to parade wherever they choose. The symbol of their abused faith, demeaned, and in their frustration, and finally, impatience, they lash out at a world they thought welcomed them.

The banners are blowing in the breeze this fine Twelfth morning, and I am looking my best, neat and tidy, my mother's pride. As we pass a Catholic area, somewhere at the top of the Crumlin Road, the music grows louder, the shouts more hoarse, and my step picks up. I don't know why. It just does. It's not as if I intend to insult the Other Side. I don't. I'm simply exercising my prerogative; it's a knowledge running (scared) through my Protestant blood. Why shouldn't I? It's life here. It's my history and my heritage. And my future: the future's Orange.

That's what my first old grey man said, his voice low and distinct as a serpent's hiss. He emerges from the mahogany gloom in the cold hallway, his fierce eyes at variance with an aura of mechanical calm. As I wait, trembling, to endure the pseudo-Masonic ceremony – chest exposed, vows taken, congratulations bestowed – and emerge a member of my father's lodge. (Was it Clifton Street? Yes. I think it was.) His shoes shiny and oddly silent on the tiled floor, carry him towards me. He looks like a teacher, armoured in rationality and he immediately launches into a lecture. Did I know the Order had adherents in Italy, Canada, Africa, America, South Africa, Scotland – and even Eire? I shake my head. He snorts. Did I know that the Order abhorred intolerance, embraced brotherhood, held out its red hand to Catholics, if they renounced their vile calling? No, I don't. He stares. Some sixth sense tells me to step back.

Was I aware that the Loyal Orange Institution of Ireland was formed 100 years after the Battle of Boyne, to commemorate the Battle of the Diamond, a clash between the Papist Defenders and Our Peep O' Day Boys? I shake my head again.

Suddenly his hand is on my ear, tight and tugging. I yell. I can feel and smell his breath. Did I at least know why we march? My heart pounds as I seek an answer that will please. Too late. The old grey man twinks my ear, hard, and leans his oily face into mine. "Sure, that's easy. We march because we can."

My ear hurts, but I hear: "Because we can." We are – well we were – the people.

C'est la Guerre – as the critics would say

Sir Cameron Mackintosh's new musical may have been slated, but it could have been far, far worse, says David Lister

For Sir Cameron Mackintosh it became a case of "nice party, shame about the show". There could be no complaints about the £150,000 hash complete with fire-eaters, fairground entertainments, a roast boar on a spit and unlimited champagne in London's Bedford Square. But the morning after was not so kind to Britain's best-known showman. He awoke to find that his pressurised, £3m-worth of advance bookings and unlimited hype, had failed to set the critics alight. "It's not magnificent but c'est la Guerre," punned the *Daily Telegraph* as their critic concluded that "the result is a terrible tension in both music and script." Others were not so kind. It may be little consolation to Sir Cameron, but as bad reviews go these are only minor examples of the genre. There is nothing to compare with a

real honest-to-God stinker. It is an art-form in itself, delighting readers, making a critic's name and even, perversely, encouraging theatre-goers to see the show. It even provoked a book when Dame Diana Rigg published a collection of stinkers down the ages under the memorable title *No Turn Unstaged*. She knew what she was talking about. Her nude appearance in *Abelard and Eloise* was described by an American critic thus: "Diana Rigg is built like a brick mausoleum with insufficient flying buttresses." Of course, such reviews can increase one's eagerness to see the show. Who would have missed seeing Vivien Leigh raped on the ground in *Titus Andronicus* after the notice which remarked

era which read in its totality: "Me no Leica."

There are ways of countering a stinker. The most effective is to prove the critics wrong by trusting the public to back your judgement. Sir Cameron has done exactly this in the past. His production of *Les Misérables* was hammered when it opened in 1985. But the public loved it and it continues to draw crowds around the world.

And there are extreme measures that the victim of a stinker can take. Sadly, as a knight of the realm, Sir Cameron is unlikely to take a leaf out of the actor Steven Berkoff's book. When his *Hamlet* received a stinker from Nicholas De Jongh in the *Guardian*, Berkoff responded like a true aesthete. He threatened to kill him: a threat taken so seriously that the newspaper afforded De Jongh

price protection. And just occasionally the stinker can come from the thespians themselves. WS Gilbert's stock phrase when visiting actors backstage was: "My dear fellow, good isn't the word!" A model of subtlety compared to Groucho Marx's "I didn't like the play but then I saw it under adverse conditions – the curtain was up."

One of my favourite unpublished theatrical stories is of Dame Maggie Smith when she starred in a flop by a well-known playwright. The playwright went backstage afterwards to chat to Dame Maggie; but she merely glared at him and refused to reply to any of his pleasantries. Eventually, trembling, he made his excuses saying: "I must go home now, I'm struggling with a new play."

At this Dame Maggie finally spoke. "AREN'T WE ALL?" she thundered masterfully as she closed the door on his shaking back.

See review, page 6, Section Two.

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Lloyd's offers £40m to end US opposition

PETER RODGERS
Financial Editor

Lloyd's of London has bought off the opposition of US state securities regulators to the £3.1bn rescue of the insurance market with a £40m payment that will improve the offer to American members by 20 per cent.

The announcement of a special deal for the 2,700 US names, who will now receive better treatment than their UK counterparts, is likely to outrage rebel names. They have been threatening to rock the boat

ahead of the market's crucial annual meeting on Monday. The rebels include the Paying Names Action Group, which yesterday threatened to go to court for a judicial review of the rescue.

The action group said, before the £40m special deal was announced, that the existing Lloyd's rescue package discriminated unfairly against names who had paid their losses in full. Christopher Stockwell, head of the Lloyd's Names Association Working Party, said: "The effect of the package is a substantially better deal for the US names."

Ron Sandler, chief executive of Lloyd's, said the market had been faced with a very uncomfortable choice, because it had a responsibility to treat members uniformly and fairly.

He added: "We are very conscious that we run the risk of criticism that we have given preferential treatment to one particular group of names. Having said that, we cannot ignore the actions taken by state officials."

The agreement announced last night was with US state securities regulators operating through a body called the North American Securities Adminis-

trators Association Co-ordinating Committee.

The securities regulators in individual states had won a series of orders in US courts blocking communication between Lloyd's and its American members, arguing that the rescue plan involved the issue of securities in the US.

In tense negotiations over the last 10 days, Lloyd's has agreed to pay up to £40m to the state regulators for them to distribute among US names, under a formula that the regulators will agree among themselves.

The £40m represents 20 per

cent of the £200m that US members of the market are currently due to pay in "finality" bills to settle their losses at Lloyd's.

The money will come from a £300m syndicated loan agreed already between Lloyd's and its banks, and will ultimately be repaid from the market's future earnings.

In return, the state securities regulators have agreed not to block the offers to US names, not to interfere in any way with the US names' participation in Equitas – the reinsurance company that will take on the mar-

ket's past losses – and "not to take any action to prevent the implementation of the [Lloyd's] reconstruction plan".

The securities regulators in individual states must sign up to the deal by 1 am British summertime on Sunday, or it will lapse.

Furthermore, the agreement will not take effect unless it is agreed by states representing at least 80 per cent of US Lloyd's names involved in the rescue. The £40m will be reduced if not all states sign up.

David Rowland, chairman of Lloyd's, said: "This agree-

ment removes the final significant obstacle to the resolution of our past problems... Our members in the United States will now be able to share in the benefits of the reconstruction plan on a comparable basis to members elsewhere."

Mr Sandler, challenged to explain how comparability could be maintained after the extra £40m, said: "I don't believe there is any element of unfairness in the reconstruction and renewal offer."

Responding to the threat of a judicial review, he said: "That avenue has always been open to

them. We have been at great pains to see that everything that has been done meets the test of fairness and reasonableness."

The Lloyd's rescue plan was backed by the committee acting for the largest group of 3,000 litigating names, the Gooda Walker Action Group, whose chairman, Michael Deeny, acknowledged that "the settlement offer is at best rough justice, and some very rough justice indeed."

Gooda Walker names will receive £524m in the settlement, 97 per cent of their losses.

Comment, page 23

High Court victory: Property company wins damages after judge decides local council lied about terms of a retail development

£48m award for Slough Estates

NIC CICUTTI

Slough Estates, the UK's largest industrial property company, was yesterday awarded £48m in damages by the High Court against a local council after a judge found the authority had lied about the terms of a big retail development.

Mr Justice May upheld a claim by Slough Estates that Welwyn and Hatfield district council amended and then deliberately kept secret the new terms of an agreement to develop The Galleries shopping mall in Hatfield.

The council did so knowing that Slough Estates was then in the process of developing the Howard Centre, a separate site in nearby Welwyn Garden City. Had Slough Estates known that the Hertfordshire council's agreement with a rival developer, Carroll Group, would be relaxed, as it secretly was in 1987, it would not have continued with its own plans.

The judge said the council, which had a "strong financial interest" in The Galleries, knew that if the information became public there would be "an uproar" and its intention was "to induce Slough to continue with the Howard Centre".

"From July 1987 onwards [the council] was nursing a lie and had set itself a time bomb," Mr Justice May added.

His decision was yesterday welcomed by Sir Nigel Mobbs,

chairman of Slough Estates: "We should be able to rely on what a local authority says it will do and [we] did just that. On discovering that [the council] had secretly gone back on its word, the only course available has been to pursue [it] through the courts."

However, David Riddle, chief executive at Welwyn and Hatfield district council, said yesterday that the authority intended to appeal against the decision, adding that it had no money to pay Slough Estates.

"The situation we are faced with results from a very large property company, with profits of £130m in the past two years, seeking money from the local community," Mr Riddle said.

The company's victory is the second in less than a year. In August 1995, Slough won more than £7m in an out-of-court settlement from Senior Engineering, an industrial boiler-making company, which admitted faults to two giant boilers it fitted at a trading estate in Slough.

The latest battle began in the late 1980s, when Slough Estates began developing the Howard Centre, a 200,000 sq ft shopping mall, which included a multi-storey car park and a bus station. The developer claimed in the High Court that before going ahead with its building programme, it carefully considered all potential threats from rival developments in the area.



Winner: Sir Nigel Mobbs, Slough Estates chairman, welcomed the court decision, but the council involved says it has no money to pay the award

One was The Galleries in Hatfield, planned over a tunnel spanning the A1 carriageway, on land owned by Welwyn and Hatfield district council. But Slough Estates was reassured by the council's publicly-stated policy on the "tenant mix agreement" (TMA) it had reached with The Galleries' developers.

This stated that The Galleries would be developed primarily as an entertainment centre, allowing the Howard Centre to concentrate on more traditional shopping facilities.

Both centres were built and opened within a year in 1990-91. Even before the Howard Centre opened, the council officially agreed to relax its TMA for 85,000 sq ft of The Galleries.

Slough Estates won a judicial review in 1991 to set the council's decision aside.

It was then that Hatfield and Welwyn district council admitted that in 1987, a year before Slough agreed to build the Howard Centre, it had already secretly agreed a relaxation of the TMA for the same area of development at The Galleries.

Slough then decided to sue, arguing that it was the victim of fraudulent misrepresentation.

In his 86-page judgement yesterday, Mr Justice May agreed.

Mr Riddle said: "The council does not have £48m and we can never satisfy this judgment." Although the Department of the Environment has said it is unwilling to help, the council cannot be made bankrupt. With an annual income of around £10m, the council only

has about £2m in reserves and could not raise the full damages through council taxes or business rates.

A council spokeswoman said yesterday that the council had received more than £11m from developers, paid in instalments, as a "capital sum" for the lease of land on which The Galleries was built.

Comment, page 23

Pressure mounts on Clarke to reform private funding scheme

MICHAEL HARRISON

Chancellor Kenneth Clarke came under renewed pressure yesterday to reform the Government's Private Finance Initiative after the Confederation of British Industry called for most small capital projects to be exempted from the scheme.

In a hard-hitting report the CBI said that, henceforth, no project costing less than £10m should have to seek PFI funding before being given the go-ahead.

This would simplify the PFI but it would almost certainly mean that the Treasury would miss its target of funding £14bn worth of public projects through the initiative by 1999.

The Government's private finance panel has identified 1,500 projects worth £27bn which could be financed through the PFI. However, of these only about 150 are valued at more than £10m.

If the CBI's recommenda-

tions are accepted, the PFI would effectively be limited to larger infrastructure projects in the health, transport and environment sectors. Hundreds of small projects costing less than £10m, many of which are Department of Health schemes, would slip through the net, leaving them to be funded conventionally through the Government's capital expenditure budget.

The CBI report also criticises the Government for abusing the PFI by using it as an excuse to cut back on capital spending when it was supposed to be additional.

Under the PFI, private contractors finance, build and run public sector schemes and then charge an annual fee or lease them back to the Government. But the CBI report warns that the future liabilities this creates for public spending need to be clearly accounted for.

It also calls for action to allocate risk better between public and private sectors and cut

down on bidding times and costs – a bugbear of firms interested in taking on PFI projects.

Blair Turner, the CBI's director general, said: "Business is frustrated at the waste of resources and low progress when sound PFI principles are not applied. Unless the PFI is better managed, it could fail to deliver the benefits available and fall short of the targets set, delaying key infrastructure projects."

Michael Jack, Financial Secretary to the Treasury, welcomed the report, saying it agreed with the CBI's main conclusions. However, he declined to say whether the Treasury would now introduce a cut-off point below which Whitehall departments no longer automatically had to test projects against the PFI.

Mr Clarke is due to address a CBI conference on the PFI in London next Tuesday, when a fuller response is expected to yesterday's report.

Economic view, page 26



Thumbs up: Michael Jack endorses CBI report on PFI

Somerfield's £570m float target worries analysts

PATRICK TOOHER

Somerfield, Britain's fifth largest supermarket chain, yesterday tried to buck the increasingly tough new issues market by setting a flotation price at the top end of City estimates.

In its prospectus, Somerfield said it hopes to raise £540m-£570m from next month's proposed flotation at an indicative share price of 180p-190p.

Some analysts, concerned about Somerfield's position in the cut-throat food retail market, had expected the company to fetch as little as £480m.

Confidence in the new issues market was dented earlier this week when Monsoon, the fashion retailer, abandoned its float plans.

But David Simon, Somerfield's chief executive, defended the proposed asking price. "We didn't arrive at the number in a vacuum. Somerfield is being floated at a sensible price

and a sensible yield." He added that the company had already seen 60 financial institutions.

At the offer price the historic gross dividend yield is between 6.3 per cent and 5.9 per cent while the historic price-earnings ratio is between 8.1 and 8.5 times.

The prospectus also revealed that Mr Simon stands to make up to £5.66m from the flotation under the terms of a previous bonus scheme. Mr Simon and five other directors are also being granted share options valued at up to £1.3m each at the offer price, or four times their annual salary. Mr Simon will also be granted options worth up to another £1.6m at the offer price under a separate long-term incentive scheme.

Some £192m of the flotation's proceeds will be paid to Somerfield Holdings to reduce its debt, regardless of the take-up rate of the offer. The remainder, after expenses, will be passed on to the previous hold-

ing company Isosceles, which is expected to pay its senior creditors in full with the funds raised. Mr Simon said. Isosceles will be liquidated after Somerfield's flotation.

Mr Simon said there was no chance of a successful litigation of the company from smaller, unpaid creditors. He also countered criticism that Somerfield depends too much on its store conversion programme for profits growth.

Somerfield, which operates 609 stores, plans to complete the rebranding of Gateway to the Somerfield format during 1997. The bulk of the company's profits growth comes from these modernised stores.

Analysts have pointed to a recent survey from research institute AGB of food retailers' market share, showing that Somerfield's has slipped 0.4 per cent in June compared with 1995, its lowest point for two years.

Comment, page 23

Amir Eilon of BZW rejected suggestions that the institutional response had been poor, saying: "We have had interest from high-quality institutions around the world."

Although the shutdowns of the Hinkley Point B reactor in Somerset and Hunterston B in Ayrshire for checks on faulty welds were not announced until after the public offer had closed at Wednesday lunchtime, the Government's advisers said there had not been a deluge of protest calls. "We were expecting a certain amount of response from private investors, but it has not materialised."

Together with the 5p discount on the first instalment and the two dividends being paid in the first year, private investors are looking at a 22 per cent yield on the partly-paid shares.

Even with the extra allotment of shares to the public offer there will need to be a scaling down of allocations because of the level of demand. The shares are due to start trading on Monday.

The two companies are expected to be closed for a fortnight, resulting in a £6m loss to British Energy. Both had already been running at half capacity because of repairs to the other reactors.

| STOCK MARKETS | | | | | | | | | |
|---------------|----------|--------------|------------|-----------|----------|-----------|--------|----------|--------------|
| Index | Close | Day's change | Change (%) | 1996 High | 1996 Low | Yield (%) | Index | Close | Day's change |
| FT-SE 100 | 3749.00 | +16.80 | +0.4 | 3857.10 | 3639.50 | 4.05 | Nikkei | 14343.80 | +8.50 |
| FTSE 250 | 4343.80 | +8.50 | +0.2 | 4568.60 | 4215.20 | 3.43 | | | |
| FTSE 350 | 1994.00 | -7.40 | -0.4 | 1945.40 | 1816.60 | 3.92 | | | |
| FT Small Cap | 2160.19 | -5.24 | -0.3 | 2244.36 | 1954.08 | 3.03 | | | |
| FT All Share | 1867.02 | -7.19 | -0.4 | 1924.17 | 1791.95 | 3.85 | | | |
| New York | 5531.25 | -72.40 | -1.3 | 5778.00 | 5032.94 | 2.22 | | | |
| Telco | 21892.58 | +113.64 | +0.5 | 22666.80 | 19734.70 | 0.731 | | | |
| Hong Kong | 10921.35 | +9.59 | +0.1 | 11594.99 | 10904.87 | 3.381 | | | |
| Frankfurt | 2575.54 | +8.11 | +0.3 | 2583.49 | 2253.36 | 1.821 | | | |

Source: FT Information

| INTEREST RATES | | | | | | | | | |
|----------------|----------------|--------------|--------------------|-------------|----------------|----------------|--------------|--------------------|-------------|
| Short sterling | UK medium gilt | US long bond | Money Market Rates | Bond Yields | Short sterling | UK medium gilt | US long bond | Money Market Rates | Bond Yields |
| 1 Month | 1 Year | 1 Year | 1 Month | 1 Year | 1 Month | 1 Year | 1 Year | 1 Month | 1 Year |
| UK 5.69 | 5.94 | 7.85 | 8.15 | 7.97 | 8.23 | US 5.31 | 6.13 | 6.94 | 6.09 |
| US 5.31 | 6.13 | 6.94 | 6.09 | 7.08 | 6.56 | Japan 0.44 | 1.13 | 3.31 | 2.77 |
| Germany 3.25 | 3.75 | 6.53 | 6.73 | 7.03 | - | | | | |

| MAIN PRICE CHANGES | | | | | | | | | |
|--------------------|-------|-----------|--------------------|----------|-------|-------|-----------|------------|----------|
| Rises | Falls | Price (p) | Change (p) | % Change | Rises | Falls | Price (p) | Change (p) | % Change |
| 108 | 3.5 | 3.3 | ML Laboratories | 374 | 25 | 6.3 | 23 | 3.3 | 14.3 |
| 108 | 3.5 | 3.3 | Great Union Stores | 637 | 85 | 5.2 | 23 | 3.3 | 14.3 |
| 108 | 3.5 | 3.3 | Orange | 190 | 6 | 3.9 | 23 | 3.3 | 14.3 |

| CURRENCIES | | | | | | | | | |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| £/\$ | £/DM | £/¥ | £/A\$ | £/NZ\$ | £/HK\$ | £/SG\$ | £/INR | £/R\$ | £/B\$ |
| 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 |
| 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 |
| 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 | 1.5557 |

Sir Bryan Carsberg joins Nynex board

Sir Bryan Carsberg, former director general at the Office of Fair Trading and the first Director-General of Ofcom, has joined the board of the country's second largest cable operator, Nynex CableComms, writes Matthew Horsman.

The announcement marks the latest in a string of sometimes controversial appointments of senior regulators and politicians to the boards of companies formerly under their regulatory control. The best known example was Lord Young's move to Cable & Wireless, following the liberalisation

by the Government of the telecoms market.

Sir Bryan was instrumental in the early regulation of BT and its competitors, and was an activist director general at the OFT. He is Secretary-General of the International Accountancy Standards Committee. He was knighted in 1989 and presented with the Bursar award in 1992 for his work in the field of telecommunications.

He joins Nynex at a crucial time for the cable industry, which is finally beginning to make inroads against the dominant player, BT.



Case of a council cavalier with the community

The history books are littered with cases of local authorities losing their shirts on financial and commercial engineering, so no one should be too surprised or upset at the roll-call, except perhaps its unfortunate council taxpayers.

In the 1980s we had the notorious interest rate swaps deals entered into by a host of local authorities, most spectacularly Hammersmith and Fulham, which left a trail of losses in their wake estimated at £600m.

More recently, two other councils, Allerdale and Waltham Forest, almost came unstuck by guaranteeing commercial bank loans against property subsidiaries only to discover when the loans were called in that they had exceeded their authority. The courts ruled they need not pay.

Now we have the Welwyn Hatfield episode which has resulted in the council being ordered to pay £48m in damages to Slough Estates for fraudulent misrepresentation. Slough agreed to build a shopping complex in Welwyn Garden City on the understanding that the mix of tenants in a rival development, the Galleries, being built a few miles away would be strictly controlled. The council, however, secretly relaxed the tenancy mix agreement without informing Slough, enabling the Galleries to attract prime high street retailers.

Is Welwyn Hatfield repentant? Not a bit of it. It intends to appeal against the High

Court ruling complaining that "a very large property development company with profits of £130m in the past two years is seeking money from the local community". Perhaps the council should have thought of the "community" when, according to the judge's summing up it set about a conscious policy of nursing a lie.

Even if the appeal goes against the council, it is not clear it will be able to pay out. As a statutory authority it cannot be wound up or made bankrupt. Nor can it turn to council taxpayers, as it is capped. Central government is meanwhile refusing to have anything to do with it. Since the council has just £2m of reserves, it looks like being a case of "can't pay, won't pay".

But then neither did Hammersmith and Fulham or Allerdale and Waltham Forest. What the accountants and lawyers presently moving their partnerships offshore to escape angry litigants would give for such immunity. The moral of the story is that local councils and high finance do not mix but it seems the only way they can be taught a lesson that hurts is at the polling booths.

Trade imperialism is perhaps an issue on which it becomes us Brits to lecture the United States, for over the centuries we've practised quite a bit of it ourselves. None the less, what the US is now doing over Cuba, and threatening to do over Libya and

Iran, amounts to bully-boy tactics of the worse sort. It is also almost certainly illegal under international law.

What has happened is this. The Clinton Administration is taking powers to act against any company, foreign included, which trades with countries it doesn't like. Now this might be a wild oversimplification of the position, but in essence that's it. The excuse is that Cuba, Iran and Libya have all at some point or other expropriated US assets. Until we get satisfaction, the US says, anyone who trades with these countries is "trafficking in confiscated US property" and will be penalised accordingly.

What's brought this to a head is that the US has moved to ban from entry into the country executives of a Canadian mining company with interests in Cuba. It just so happens that this company is owned by BAT Industries. As a consequence, the executives affected include Sir Patrick Shreeley and Rupert Pennant-Rea. If they set foot in the US, they'll have the handcuffs clamped on them. EU interest in the matter has been heightened by the prospect of Iran and Libya being brought into the net. Few European countries have trading interests with Cuba, but Libya and Iran are a different matter.

The US needs to be given a bloody nose over this little escapade. On the logic used by the US, the Brits would arrest Bill Gates on his next visit to Britain because British assets in Russia, where he trades, were

expropriated at the time of the 1917 Revolution.

What this is all about, of course, is politics and more particularly, President Clinton's campaign to win a second term of office. Getting tough on the Cubans and other foreign "nasties" is all part of the game. If tearing up internationally accepted trade law is the price that needs to be paid for electoral advantage, so be it. Ian Lang, President of the Board of Trade has already tried the path of reasoned persuasion. It hasn't worked. Time now for retaliation. He might start by ensuring that the forthcoming £2bn RAF order for maritime patrol craft is awarded to BAe, and cut Lockheed out of the action. Our friends in the Whitehouse might then get the message.

The management team at Somerfield have done many wondrous things since chief executive David Simons came on board three years ago. But does this really justify the £570m price tag the company hopes to achieve when floated on the stock market, or the astonishing bonuses Mr Simons and others will receive once investors have coughed up the money?

Great play has been made of the company's impressive turnaround since Mr Simons arrived. Operating profits have climbed from £72m to over £100m, helped by the timely launch of Somerfield's Price

Check campaign. The campaign helped change Somerfield's reputation for poor value and probably secured its survival – albeit as the number five player – in a cut-throat market. What is all too easily forgotten, however, is that profits are still way below those achieved in the years prior to Mr Simons' arrival. Despite this, Mr Simons stands to get up to £5.66m under a previous bonus scheme if the company is successfully floated. There is also the usual package of share options and long-term incentive schemes to keep management locked in and happy in their jobs.

Progress from here on in looks like being a struggle. Mr Simons insists like-for-like sales are growing, but feels unable to say by how much. Latest research suggests Somerfield is losing market power. More generally, it lacks the buying power and marketing clout of its larger peers. Sticking to town centre locations may prove wise in the long run, but renewed focus by the majors on smaller stores is both a threat to Somerfield's existing store base and provides fierce competition for anything new in the way of attractive sites.

But perhaps of most concern is Somerfield's image. If a superstore with a strong brand name like Sainsbury's can have such a difficult time of it, Somerfield, with a very young brand name, is going to it doubly so. It will have to run just to stand still. This is one investors can safely ignore.

Caledonian pulls float after Scottish TV offer

MATHEW HORSMAN
Media Editor

A pan-Scottish media conglomerate could be in the making, it emerged yesterday, as the ITV franchise Scottish Television said it had made an approach to buy Caledonian Publishing, owner of the *Glasgow Herald* and the *Evening Times*.

At least one other company is believed to have approached the Scottish publisher, with industry speculation centring on either the Daily Mail & General Trust, Tony O'Reilly's Independent Newspapers, Trinity International or even the Barclay brothers, owners of the *Scotsman*.

The approaches, which are believed to value Caledonian at about £120m, have forced the company to put its flotation plans on hold. A source close to

Caledonian stressed yesterday that the approaches had not been solicited, and that the company had intended to proceed with the long-planned flotation.

Caledonian, whose chief executive, Liam Kane is known, predictably, as "Citizen Kane", was bought by its managers and venture capitalists in 1992, for £70m. Investment banks Fleming's owns 57 per cent of the shares.

Mr Kane worked for Rupert Murdoch, including a stint as general manager of *Today*, before going to Sky Television. He left late in 1990, when it became clear he would have to report to Sam Chisholm, BSkyB's chief executive, and senior executive David Evans.

Analysts speculated yesterday that a bid for the whole of Caledonian would fetch a premium of at least 20 per cent over

the £100m valuation expected via the public offering. The flotation had been poorly timed, they added, coming on the heels of a profits warning at regional publisher Midland, the start of a Scottish cover-price war and a rights issue from Johnston Press to pay for its acquisition of Ensay's stable of regional newspapers.

Scottish Television confirmed its interest during a day of meetings with media analysts and later issued a formal statement. Gus Macdonald, Scottish TV's chairman, said: "In discussions over recent months the managements of Scottish and Caledonian have identified many areas in which the quality and profitability of their businesses could be enhanced through combining the two companies."

Analysts immediately speculated that the merger could be followed by a bid by Scottish for

Grampian, the other ITV company north of the border. "A pan-Scottish media company would certainly make sense," one said.

A merger bringing together Scottish, Caledonian and Grampian would be technically illegal under existing cross-ownership rules. Indeed, even the new Broadcasting Bill could make it extremely difficult for Scottish to take on Caledonian because of proposed ownership limits. Scottish could, however, have recourse to controversial "deadlocked" warehousing schemes.

Scottish TV's two main shareholders, Fleetech and Mirror Group, are believed to have supported the approach to Caledonian. The Mirror Group, which owns 46 per cent of the *Independent*, has long championed the "collegiate" approach to newspaper publishing.



Media mind: Gus Macdonald, Scottish TV chairman (above), considers a Caledonian merger would boost profits

Drop in inflation leaves the way clear for another base rate cut

DIANE COYLE
Economics Editor

A fall in headline inflation last month to its lowest rate for two-and-a-half years left the path clear for the Chancellor to cut interest rates again.

Inflation is likely to head lower for the next year, City economists concluded, even though June also brought the strongest increase in retail sales growth since the beginning of 1990.

In the latest evidence of a consumer boomlet, the growth of high street sales volumes picked up after several flat months.

The strongest sectors were those most closely linked to the housing market, such as china, DIY, furniture and household goods, according to the Confederation of British Industry's distributive trades survey.

It was the ninth successive increase in retail sales volumes reported in the survey.

The balance of retailers reporting higher rather than lower sales volumes increased to 45 per cent in June, the highest balance since January 1990.

It was only the second time in the past six months that retailers' expectations have been fulfilled, and they now expect a similar increase this month.

Motor traders reported their biggest sales increase since February 1994, mainly due to private sales.

Despite the faster pace of activity on the high street, the headline rate of retail price inflation fell to 2.1 per cent, the lowest since December 1993. Lower housing costs, motor costs and leisure goods contributed to the decline.

The RPI less mortgage interest payments, the Government's target measure, was unchanged at 2.8 per cent.

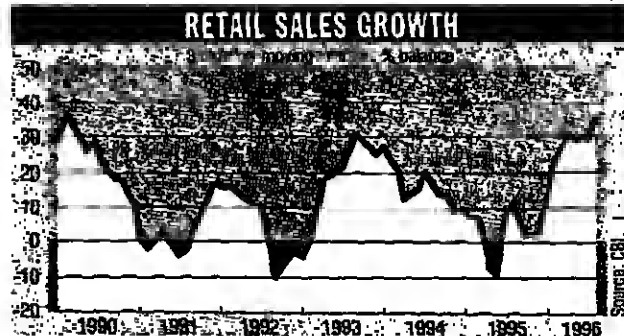
The failure of the target measure to budge, which disap-

pointed some analysts, was mainly due to higher seasonal food prices. The colder than usual summer has delayed new crops, while the beef crisis and a burgeoning Japanese taste for pork have raised meat prices.

The prospect of declining inflation in the months up to the latest possible election date means many economists think Mr Clarke might opt for another quarter-point reduction in base rates.

"Obvious signs of rising demand notwithstanding, another slight fall in the headline rate might be seen as facilitating a cut in interest rates," said Geoffrey Dicks of NatWest Markets.

But Ian Beauchamp, chief economist at investment bank Hambros said: "There is no economic case for a cut in interest rates. The political case depends on the risk of having to reverse a cut before the election."



IN BRIEF

• **Istock**, the building materials firm, announced it was ready to dispose of six of its brick plants to avoid a referral to the Monopolies and Mergers Commission of its £160m bid for the UK brick-making business of its rival, Redland. The company acted after Ian Lang, President of the Board of Trade, said a referral was imminent unless "suitable undertakings were given to remove competition concerns". His decision, made after discussions with the Office of Fair Trading, still threatens Istock's hopes of overtaking Hanson, which has 31 per cent of market share, and becoming the UK's largest brick-maker. Istock's share of the UK market would drop back from about 35 to 30 per cent after the disposals. Redland will pay Istock up to £12.5m, depending on the proceeds of the sales.

• **CrestCo**, the Bank of England-led group developing the Crest computerised share registration system, received its last formal authorisation in preparation for the start of its operations next Monday. The Securities and Investments Board has formally approved CrestCo to record and transfer the ownership of shares without paper certificates.

• **Barrat Developments** said its sales of new homes climbed 12 per cent to more than 7,000 in the year to the end of June. The latest figures follow Barrat's recent announcement that it was creating three new house-building divisions as part of its "Growth Plan" to increase production to 11,000 homes a year. "Since 1993 we have increased our new house sales by over 40 per cent, our UK house-building turnover by more than 60 per cent, and progressively increased our market share," said the chief executive Frank Eaton.

• **Marks & Spencer** did get the balance of its fashions in women's wear wrong in its last financial year to 31 March, conceded the chairman, Sir Richard Greenbury, at the company's annual general meeting. Replying to a shareholder's question, Sir Richard said there had been some "grains of truth" in criticisms concerning Marks & Spencer's womenswear ranges. "There has been some evidence... where we have got the balance of range wrong and have probably been too fashion-led," he said. Sir Richard told shareholders that total UK store sales in the first quarter were up 8.6 per cent from a year earlier.

• **BAA's seven UK airports** handled 8.9 million passengers in June, up 4.4 per cent from a year earlier. Traffic on both European scheduled and North Atlantic routes rose by 6 per cent, long haul traffic and UK domestic traffic increased by 8 per cent but European charter traffic fell 10 per cent.

National Express set for 'test case'

PATRICK TOOHER

Coach operator National Express is prepared to face a Monopolies and Mergers Commission inquiry into its proposed takeover of the Midland main line rail franchise rather than drop bus services on five parallel routes, as recommended by the Office of Fair Trading.

"This is a major public interest debate. Taking it to the MMC is the best way to get it aired," said a source close to the company. "If National Express rolls over on this, then it may act as a major deterrent for future rail franchise bids. This is a test case."

The increasingly hard line stance being taken by National Express follows Trade Secretary Ian Lang's decision last month to refer the deal to the MMC unless National Express gave undertakings to remove "competition concerns" arising from the acquisition.

Mr Lang told National Express to withdraw its coach op-

erations on "point-to-point" journeys between London and Derby, Leicester, Sheffield, Chesterfield and Nottingham. The Midland main line runs parallel InterCity services between London and South Yorkshire and the East Midlands.

Third parties had until yesterday evening to make their views known to John Bridgeman, director-general of the OFT, about how appropriate these measures are.

National Express insists it has made no final decision about going to the MMC and it remains in talks with the OFT. "We are optimistic about reaching an agreement on those five routes that is both satisfactory to the OFT and to us, both operationally and commercially," said the finance director Colin Child.

Shares in National Express, which also runs the Gatwick Express rail franchise and two regional airports, have fallen 35p to 468p since Mr Lang's announcement a fortnight ago.

Why it's OK to change the rules

ROGER TRAPP

Children have long been used to taking their ball away if a game is not going as well as they would like. Now, it seems, business can do much the same.

Academics Barry Nalebuff and Adam Brandenburger argue that in the modern fast-moving world changing the players, the rules, the boundaries – or even the game itself – is perfectly understandable. It does not even have to be at the expense of others. Thanks to a concept they dub "co-opetition", everybody can be a winner.

The roots of this notion – which is an amalgam of co-operation and competition – lie in "game theory", a concept that is said to provide insights into the way people behave when confronted with a range of options,

or when subjected to pressures. Mr Nalebuff, a professor at Yale, and Mr Brandenburger, a professor at Harvard Business School, in their just published book, also called *Co-opetition*, say the value of the approach to business is that "it focuses directly on the most pressing issue of all: finding the right strategies and making the right decisions". Plenty of books look at creating the right environment for making decisions and others concentrate on how to implement decisions, but they believe there is "still a need for guidance in identifying the right strategy to begin with".

However different their aims may be, the execution is familiar. Early on is a diagram illustrating a basic hypothesis: in this case, the "Value Net", which introduces another new word, "com-

plementors", to describe people who are neither exclusively competitors, customers nor suppliers.

The idea is that each situation has components that can be adjusted to enable companies to break out of the traditional win or lose mind-sets. It does happen, particularly in hi-tech fields, where Intel, for instance, benefits from the success of Microsoft. Even mature industries are seeing co-operation agreements, like the oil additives tie-up just announced by old adversaries Shell and Exxon, as the way

ahead.

But it is difficult to escape the conclusion that for some the metaphors of war and the playing field will continue to hold sway. It is all very well to suggest that financier Bernard Baruch's remark, "You don't have to blow out the other fellow's light to let your own shine", is more pertinent than Gore Vidal's "It is not enough to succeed. Others must fail", because the former made more money. But is Richard Branson ever going to sit on the board of British Airways?

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business

A catalogue of problems at GUS

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Great Universal Stores has been slowly attempting to shed its image as the slumbering giant of the retailing sector. Last year it forked out some of its prodigious cash pile on a £302m special dividend to shareholders. Then in December, the share price was electrified by the announcement that Lord Wolfson of Sunningdale, one of the two men credited with transforming the fortunes of Next, would in September take over as GUS chairman from his cousin, Lord Wolfson of Marylebone.

Sadly, however, these signs of dynamism at board level were belied by yesterday's figures for the year to March. Pre-tax profits up 3 per cent to £581m were at the upper end of the range indicated at the time of a profits warning in May, but stripping out one-offs the performance was pretty flat.

GUS's discomfort was increased by signs that it is failing to cash in on the current revival in high street spending. Its warning that sales and profits have been level in the three months since March contrasted sharply with the 8.4 per cent like-for-like sales increase for the same period reported by Marks & Spencer yesterday. GUS's shares duly sank 29p to 64.5p.

The main problem lies in the huge mail order division, which includes the Great Universal, Kays and Marshall Ward brands. Profits sank from £251m to £250m, hit by a stock write-off on clothing, which knocked half a percentage point off margins. GUS does not seem to have been able to shift its womenswear ranges last summer and was at a loss to explain its failure, apart from the rather limp excuse of the hot weather at the time.

The real root of GUS's difficulties lies in the overcapacity which plagues the traditional agency catalogue business in the UK. The group's 38 per cent share gives it a leading position, but the market is flat or declining and monopoly considerations mean GUS cannot acquire any of its four big rivals. It has been seeking for some time to spend some of its £1.1bn cash mountain on a big Continental mail order business, such as La Redoute of France, but has been rebuffed so far.

All this is not to say that Lord Wolfson the younger faces a lost cause. So-called direct mail order, which avoids agents, is still booming. Eight per cent of GUS's business comes this way via Marshall Ward and a new brand is being contemplated.

GUS also has some decent businesses tucked away. The General Guarantee Corporation, a provider of motor finance, raised its loan book by £107m to £1bn last year, while profits rose by a fifth. There was similar growth at the CCN credit card processor and marketing services provider, continuing a three to four-year record. Stripped of exceptionals, profits could just top £900m in the current

year, putting the shares on a forward multiple of 16. The new chairman will have to work hard to justify that rating, but he knows the business well. Worth holding on for the ride.

First Choice not out of the woods

These are straitened times for Francis Baron, the flamboyant chief executive of First Choice, Britain's third largest tour operator. Gone are the bikini-clad girls and general razzmatazz that greeted his arrival and First Choice's rebranding three years ago.

"The watchword is caution for this year," Mr Baron warned yesterday as First Choice unveiled narrowed losses in the seasonally weak first half. The pre-tax deficit was £23.4m in the six months to April, down from £23.8m before, although the latest period included a maiden £5m profits contribution from SkiBound, the skiing holiday operator acquired last year.

As ever, the key to the year's outcome depends on what is happening now. Last year, instead of the late rush to get away that took place in previous, recession-hit years, business during the peak selling season fell off a cliff.

The long hot summer in Britain, a

weak pound and higher levels of personal taxation can all be blamed. But longer term, structural changes are also at work. For example early bookings, which do wonders for tour operators' cash flow, are increasingly a fond memory as job insecurity grows.

Having accompanied last October's £44m rights issue at 60p with a profits warning, First Choice is clearly not yet out of the woods. Canada, where much of the rights issue money is being spent, is suffering from an airline price war.

Closer to home, capacity has been cut by a tenth and prices on a standard package holiday raised by £60, or 25 per cent, to protect margins. The flip side is that market share has fallen from 13 per cent to 12.3 per cent by the end of May. Airline profitability is under pressure and bookings for the key summer season are down 9 per cent on last year.

Last week's decision by rival Airtours to break ranks and publish its summer brochure for next year – the earliest summer launch ever – forced First Choice to bring forward its own. The travel group also has the unwelcome problem that the Thomson-owned Lunn Poly chain, the UK's biggest travel agent, has decided not to sell its holidays for next winter and summer.

Analysts are therefore concerned that First Choice may struggle to

make the £16m profits needed to cover a maintained dividend of 3.75p without dipping into reserves. To reach that level, they say second-half profits in the UK and Ireland would have to more than double to almost £40m, compared with the same period last year. In the current adverse climate that seems unlikely. The shares, down 9p at 66p, are best given a wide berth.

Housing revival helps Colefax

Colefax & Fowler has not had a happy time on the stock market since its launch at 125p a share eight years ago. Even after yesterday's 3p rise to 74p, the upmarket fabrics and wallpaper group still languishes at less than half its original placing price. Profits have never again attained the £4m they peaked at in 1989/90. Costs at the group ran ahead of the market for its expensive products, which retail at anything between £15 and £45 a metre, and they were left horribly exposed in the recession of the early 1990s.

But management, led by chief executive David Green, brother of Carlton's Michael Green, has made a decent fist of digging the company out the hole it was in. The bottom line has grown steadily since 1993 and yesterday it reported a further 20 per cent rise to £1.84m for the year to April.

Costs provided much of the story last year. Although turnover barely moved, rising just 2 per cent to £38.9m, Colefax did well to peg operating expenses at £17.5m. The group was able to shrink its US warehousing operation by combining distribution for the businesses on both sides of the Atlantic in the UK. With distribution still running at 60 per cent of potential capacity, Mr Green is confident he can still grow the business without further cost.

That is lucky, because top line growth should be the dominant theme of the current year. Boosted by the improving housing market at home and more economic confidence across the pond, Colefax has seen a distinct improvement in the climate since March. Sales growth in both markets is currently running at between 12 and 13 per cent and this strength in the core business should be boosted by new developments. The group is now planning to start up in Germany, after a successful first 18 months in France, and is contemplating the launch of a new brand situated in the price bracket between the mid-market Jane Churchill and upmarket Colefax and Fowler ranges.

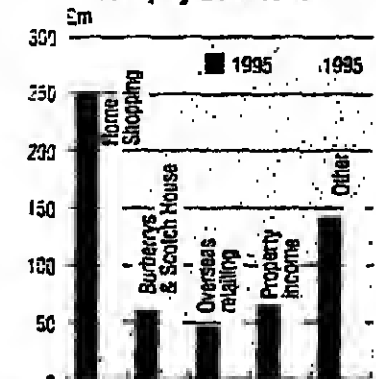
Profits of £2.4m this year would put the shares on a prospective multiple of 10. Good value.

Great Universal Stores: at a glance

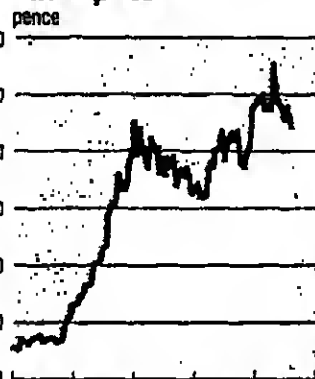
Market value, £5.47bn, share price 64.5p

| Five year record | 1992 | 1993 | 1994 | 1995 | 1996 |
|-----------------------------|------|------|------|------|------|
| Turnover (£bn) | 2.60 | 2.81 | 2.50 | 2.66 | 2.76 |
| Pre-tax profits (£m) | 444 | 475 | 523 | 563 | 581 |
| Earnings per share (pence) | 29.2 | 31.5 | 34.5 | 36.9 | 38.4 |
| Dividends per share (pence) | 9.83 | 10.8 | 13.0 | 15.0 | 16.5 |

Profits, by business



Share price



Smiles all round as the Bank welcomes Mandela

CITY DIARY

JOHN WILLCOCK

President Nelson Mandela received a huge round of applause by Bank of England staff as he strode into the Threadneedle Street offices yesterday morning for a working breakfast.

The meeting with top Bank executives, senior industrialists and commercial bankers was officially held to hear the President's views on South Africa's political and economic situation first-hand. Unofficially, as the President passed into the open Garden Court on the way to the Governor's office, a crowd of Bank staff gave him a spontaneous and vocal welcome.

In another unscripted moment one of the Bank's cleaning ladies nipped forwards and asked for the President's autograph. President Mandela stopped to chat and signed her book.

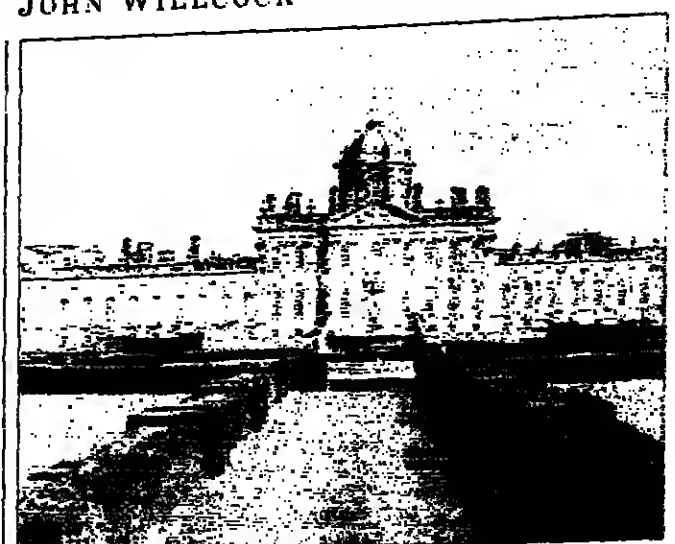
As a sign of the times, the welcome was equally warm from the businessmen, which included Barclays' chief executive Martin Taylor. Mr Taylor, of course, had not yet joined Barclays when the bank was embroiled in a long battle with students who wanted it to cut its links with the apartheid regime.

Yesterday's events would suggest that Barclays and the other clearers must be on the brink of going back to South Africa in a big way.

Is Hillary Clinton left-handed? If you know the answer, please phone George Mathewson, chief executive of Royal Bank of Scotland immediately.

Yesterday afternoon at 1.20 we received a press release from Royal Bank which declared: "Royal Bank customers who, in common with US President Bill Clinton, First Lady Hillary Clinton, James Callaghan and Roy Jenkins, are left-handed, will be able to write their cheques with ease using the bank's specially adapted left-hand cheque books."

Twenty-seven minutes later we received a revised version, with a note on the front: "The only alteration is the removal of First Lady Hillary Clinton as it has not been confirmed



The future is Orange, as the mobile phone ads say. But it may be slightly further in the future due to problems Orange is facing over planning permission for new transmission masts. Evedale District Council has just refused permission for an Orange mast near Castle Howard (above), the stately pile featured in the TV version of *Brideshead Revisited*, because it thinks the masts are ugly. Orange phones cannot be used in places like Scarborough and Whitby without such local masts.

The council has appointed a telecommunications district working party, headed by Selina Scott's father Charles Scott, to deal with the company. Mr Scott, a retired police sergeant from Appleton-le-Moors, is worried that in other parts of the country the unsightly masts have been "popping up everywhere". Not in Yorkshire they won't.

Perhaps they are piqued at seeing so many of their venerable merchant banks being snapped up by the likes of Deutsche Bank and Dresdner, not to mention the Dutch past office, ING. An added bonus for such candidates would be the prospect of conferences with Sir James in his plush farm in Mexico, where the great British patriot spends most his time.

The attitudes the Eurosceptics are so hostile to were illustrated recently when a very, very important German banker bought a newspaper at Heathrow on the way to a London meeting. Being a staunch enemy of inflation, the banker's eye was caught by the paper's headline: "House prices rise – good news for Britain!" Recalling this over lunch with his City hosts, he pounded the table and declared: "In Germany the headline would be: 'House prices rise – bad news for Germany.' And a jolly good thing too."

A significant number of Eurosceptics from the City establishment are about to reveal themselves as parliamentary candidates for Sir James Goldsmith's Referendum Party.

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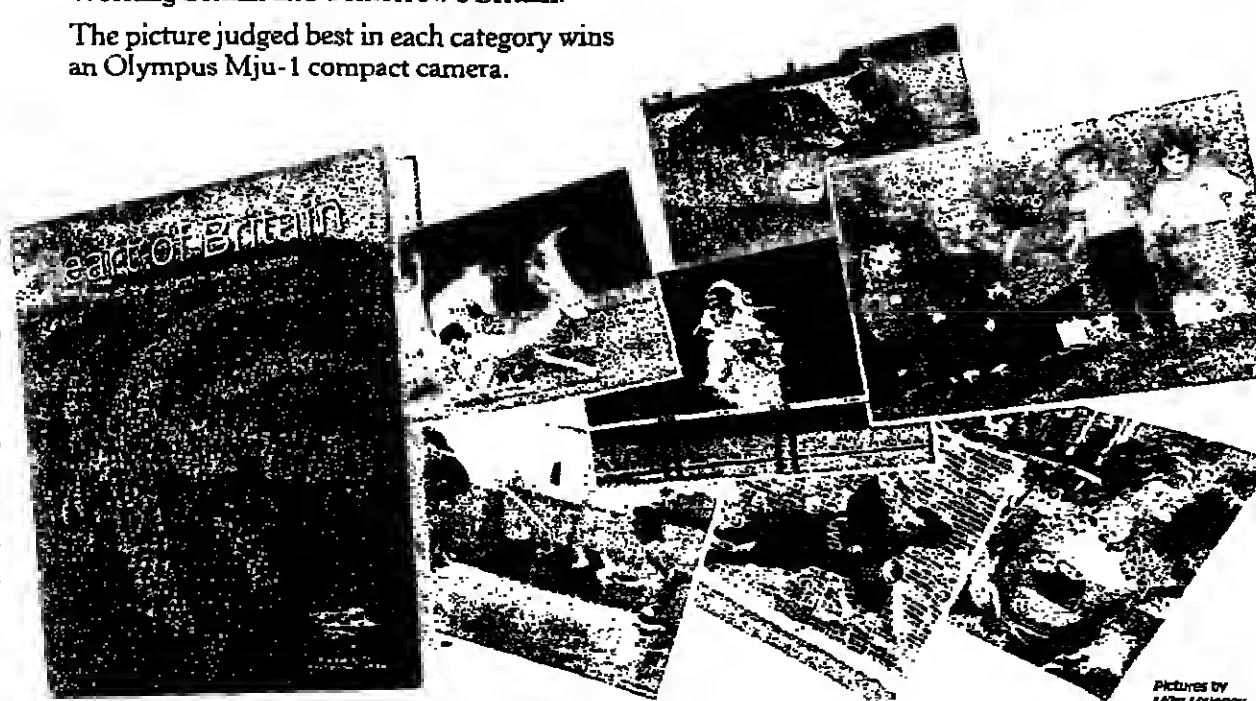
There are nine chapters in the book, which might give you some ideas:

Young Britain, Caring Britain, Animal Britain, Britain on the Move, Sporting Britain, Good Time Britain, Beautiful Britain, Working Britain and Tomorrow's Britain.

The picture judged best in each category wins an Olympus Mju-1 compact camera.

Send us your three best photographs, together with a £2 donation and entry form available from BP garages, Dillons, Dixons, John Menzies, WHSmith, Waterstone's, Mirror Group Newspapers or by telephoning 0891 252605.*

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*Calls with last less than one minute and are charged at 39p/min (cheap rates, 45p/min at all other times). All profits will be donated to Heart of Britain Appeal. Entry closes 10th July 1996.

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If you have ever dreamed of sitting behind the wheel of the ultimate open-top sports car, read on, because this week The Independent and the Independent on Sunday are giving you the chance to do just that. Enter our prize draw and you could be the lucky reader who wins the drive of a lifetime, in a Ferrari 348 Spider supplied by specialist car rental firm, TRI.

The prize includes full insurance and delivery to your door, all you have to worry about is enjoying the thrill of the open road in a car which combines stunning looks with high performance. The Ferrari 348 Spider is by any definition a supercar. The magnificent all aluminium 3400cc, 32 valve, double overhead cam engine develops a heart-pounding 300 bhp, capable of reaching 60 mph in just 5.3 seconds and a top speed of 170 mph. To go with all this power the 348 is meticulously engineered to deliver exceptional road holding and exhilarating handling. The Ferrari 348 Spider is, in true Ferrari tradition, above all an extremely beautiful car. Designed by Pininfarina and built in

Maranello to the highest standards of Italian craftsmanship, this is without doubt one of the most desirable cars on the road.

The Ferrari will be delivered to the lucky winner's door by TRI Car Rental & Leasing, one of the country's leading companies specialising in the rental and leasing of exclusive cars. Whether you want a Ferrari, an Aston Martin, a Porsche or a Mercedes, TRI has a car to suit your requirements. For general enquiries, details of rental charges and any further details please call TRI on 0181 466 7876.

How to enter

To enter our Ferrari prize draw you must collect four differently numbered tokens from the eight printed in The Independent and the Independent on Sunday. Yesterday in The Independent we printed Token 6, today we are printing Token 7. You will need to send your tokens with a completed entry form which was printed on Tuesday and will be printed again on Saturday.

Terms and conditions

1. To enter our Ferrari Prize Draw you need to collect 4 differently numbered tokens and complete an entry form.
2. The closing date for entries is 26 July 1996. Send to: The Independent / Ferrari Prize Draw, PO Box 204, Welwyn Garden City, Hertfordshire AL7 1TZ.
3. For missing tokens or an entry form, please send separate SAE's to: The Independent/Ferrari, Token Request or Entry Form, PO Box 92, Welwyn Garden City, Hertfordshire AL7 1BT. Only 4 tokens are available per

application. Requests must be received by first post 19 July 1996.

4. Employees and agents of Newspaper Publishing Plc or those of any other national newspaper company or any firm connected with the promotion are not eligible to take part, neither are their relatives nor members of their families or households.

5. The winner must co-operate for publicity purposes if required and accept that his/her name and photograph will be published in the paper.

6. Photocopies of tokens not accepted.
7. The promoter reserves the right in their absolute discretion to disqualify any entry or competitor, nominee, or to add to, or waive any rules.

8. No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt. The promoter will not take responsibility for entries lost or damaged in the post.

9. Readers may enter more than once, but only one entry can be entered per postal application.

10. The prize will be available to the winner for one month between August and December 1996.

11. The winner must be between 25-70 years of age, have held a full driving licence for a minimum of 2 years and have a satisfactory driving record.

12. The prize draw is open to residents of the UK and the Irish Republic. The prize will be as stated, with no cash alternative. The Editor's decision is final. Promoter: Newspaper Publishing Plc, One Canada Square, London E14 5DL.



market report/shares

Grand Metropolitan's shake-up puts beer in a ferment

DATA BANK

FT-SE 100

3749.0 -16.8

FT-SE 250

4343.8 -8.5

FT-SE 350

1884.9 -7.4

SEAQ VOLUME

669.3m shares,

28,601 bargains

Gilt Index

92.96 -0.02

SHARE SPOTLIGHT

share price, pence

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Beer shares were in a ferment as Grand Metropolitan, which brewed its last pint five years ago, threatened an industry shake-up.

The food and drink group rose 5p to 442p in busy trading. The stock market was excited by moves by Intrepreneur, the pubs chain, to wriggle out of commitments given when it was formed.

Grandmet owns 50 per cent of the controversial pub estate and could be a major beneficiary from any relaxation of the undertakings. Intrepreneur, it is thought, wants to get more deeply involved in managed pubs and retain the beer tie which is due to end in 1998.

If Intrepreneur's estate remains tied, presumably to a brewer of the company's choice, it would end hopes of a free-for-all among the major groups to sell beer to the chain's 2,900 pubs.

Bass fell 13p to 822p and

Scottish, the present Intrepreneur supplier, 10p to 656p. Allied Domecq, which hopes to abandon brewing, fell to 439p, lowest for five years.

The pub move comes only days after it was disclosed that Guinness had at least pondered mounting a hostile £13.2bn bid for Grandmet. Although the possibility of such a development is now presumably dead there is a sneaking suspicion Grandmet could soon be engulfed in corporate activity.

Once a takeover is signalled, even remotely, there is, it is felt, often a distinct possibility of action breaking out with others, alerted by the sudden display of interest, moving in.

Grandmet has been the subject of speculation for months with talk of US leveraged break-up bids going the rounds.

If Intrepreneur should retain the beer tie, which would

allow it to wring better terms from suppliers, the company could quickly be made suitable for a flotation. Grandmet would no doubt be a willing seller, it has distanced itself from the pub estate as controversy has intensified about the structure of the company and its relationship with its publicans.

The rest of the market was in positive territory until New York opened and promptly slumped as Hewlett-Packard devastated hi-tech stocks with a profit warning.

Even before the Wall Street collapse poor old Hanson was again feeling the pinch. In heavy turnover, with strong ev-

idence of US selling, the shares fell 2p to 167p as more investors bailed out ahead of the demerger. In two days Seag volume has been 69 million shares. Tomkins remained aloof from the conglomerate carnage, up 4p to 269p.

A large US buyer caught the market on the hop over Imperial Chemical Industries, pushing the shares 14p higher to 812p after recent weakness.

Lucas Industries rose 5p to 225p as the debate continued whether its merger with Vartec, the US car parts group, will be completed. The finger was pointed at GKN, up 8p to 1,041p, as the interventionist.

Orange fell 5p to a 196p low

MARKET REPORT

DEREK PAIN

Stock market reporter of the year



with overseas selling seemingly apparent. On the IG Index grey market British Energy was traded at 104p to 108p against up to 117p earlier this week.

Biotech shares faced renewed uncertainty with British Biotech perilously close to its rights price. The shares fell 45p to 2,085p with the nil paid rights almost halving to 36p. The cash call is at 2,050p.

Asda gained 1p to 120p as consultants AGB Research said it was gaining market share with Sainsbury's coming to market at between 180p and 190p, losing ground.

East Midlands Electricity edged ahead 3p to 573p as hopes flickered faintly and British Gas rose 2p to 187.5p with Société Générale Strauss Turnbull moving from hold to trading buy.

BAA, the airports group, was little changed at 471p ahead of next week's regulatory package. Lehman Brothers re-

gards the shares a buy, saying a worst case scenario is already in the price.

Rank Organisation was ruffled by an ABN Amro Hoare Govett downgrading, losing 11p to 471p.

ADM's run of recruits continued. Electronic Retailing Systems, the first Nasdaq stock to join made a quiet debut, up 3p to 148p. It supplies electronic shelf labelling systems for retailers. Lotteryking, with a near 20 million turnover, traded at 4p, up from a 3p placing.

BTG, the technology company which was riding high when it joined the supporting index on Monday, continued to suffer the better-to-travel-than-arrive feeling. The shares, 1.895p on Tuesday, fell 3p to 1,775p.

Whitbread, the metal powder group, fell 2p to 32p, a three year low. Stockbroker Greig Middleton rates the shares a buy.

TAKING STOCK

Baris, a fire protection and insulation group, has achieved its own nuclear strike - in the week of the British Energy share sale. It is buying Jordan Engineering which decommissioned nuclear plant and equipment.

Jordan is an unsuccessful management buy out. The company, owned by 3i and its management, is being rescued by Baris which is paying £2.5m with £50,000 going to shareholders, the rest repaying debts. Baris is consolidating its shares and raising £3.75m through an open offer and placing. Suspended at 22p, the shares are expected to return to market next month.

Dana Petroleum, half owned by institutions, gained 1.5p to 15p. The shares were 7p in March. Its developments in the former Soviet Union are said to be encouraging.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Financial reports due 08/01/97 followed by one of the two-digit codes below. Source: FT Information

FT-SE 100 - Real-time 00 Sterling Rates 00 Privatisation Issues 36

UK Stock Market Report 01 Bullion Report 05 Water Shares 39

UK Company News 02 West End Report 20 Electricity Shares 41

Foreign Exchange 03 Tokyo Market 21 High Street Banks 41

Anyone with a landline telephone can use the service. For a detailed description of the

Independent Index, including its portfolio facility, phone 0891 23 333.

For assistance, call our helpline 071 673 4375 (9am-5pm, Mon-Fri).

Calls cost 30p per minute (cheap rates), and stop at all other times. Call charges include VAT

Market leaders: Top 20 volumes

| Stock | Volume | Stock | Volume | Stock | Volume |
|-------------------|---------|-----------------|---------|-----------------|---------|
| British Gas | 280,000 | British Telecom | 280,000 | British Airways | 280,000 |
| British Petroleum | 280,000 | British Airways | 280,000 | British Airways | 280,000 |
| British Airways | 280,000 | British Airways | 280,000 | British Airways | 280,000 |
| British Airways | 280,000 | British Airways | 280,000 | British Airways | 280,000 |

FT-SE 100 index hour by hour

| Time | Index | Time | Index |
|-----------|--------|------------|--------|
| Open 0900 | 3749.0 | Close 1600 | 3749.0 |
| 1000 | 3749.0 | 1500 | 3749.0 |
| 1100 | 3749.0 | 1400 | 3749.0 |
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FT-SE 100 index hour by hour

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business

Misuse of the PFI will cost tomorrow's taxpayer dearly

While we were being dazzled by the size of the hole in the public finances that the Chancellor revealed this week, a second, more persistent hole went almost unnoticed. The Summer Economic Forecast showed that government capital spending—already extremely low by historical and international standards—fell short even of Kenneth Clarke's meagre plans last year.

Instead of spending £12.2bn on public capital investment in 1995, the public sector spent only £10.6bn. And the borrowing requirement was £1.6bn lower as a result. The gap persists in the future too. This year's public investment will be £700m lower than planned in November. And next year's will be £1.2bn lower.

Perhaps we shouldn't be surprised. When the cash gets squeezed, investment is always first to go. But this time, thanks to the cover of the Private Finance Initiative, the Treasury is getting away with bigger cuts than usual. Hoping for private investment, Mr Clarke has already cut planned public capital spending.

The trouble is that the current structure of the PFI is delaying the commencement of both public and private investment projects. Moreover, while the PFI in principle could generate huge benefits, in its current form it may simply be storing up further problems for our public finances in the future.

In last year's Budget, the Chancellor told us that by 1999 a total of £14bn in PFI contracts would have been agreed. This was his justification for cutting public investment. As



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he proudly announced: "The growing importance of private finance has helped us find significant savings for the taxpayer."

In fact the PFI projects have been much slower to materialise than he promised. The Confederation of British Industry weighed in yesterday with its own list of criticisms and concerns to add to those elaborated by the Treasury Select Committee earlier this year. Inept, bureaucratic and expensive bidding processes are

delaying planned public investment. No wonder the public sector didn't manage to get all its investing done last year. And no wonder too that the CBI has joined the Labour Party in demanding that private finance projects be selected and prioritised, to avoid wasting everyone's time and money.

Many of these bureaucratic hitches could be resolved. But so long as the PFI is viewed as a wheeze to invest and provide services without the bill

No wonder the public sector didn't manage to get all its investing done last year

putting companies off for a start. And many are horrified by the amount of risk that government departments expect them to bear. A recent survey by *Contract Journal* suggests that up to 40 per cent of the planned £14bn in PFI contracts will not have materialised by the end of the decade.

So Mr Clarke's investment cuts in public services have been a little premature. Even worse, by demanding that government bodies test every capital project—no matter how inapplicable—for private funding, he

showing up on today's government balance sheet, serious problems will remain. The wheeze for the public finance and taxpayers of today risks being a burden on the public finances and taxpayers of tomorrow.

Replacing public borrowing to build public assets with private borrowing for private assets can have its advantages. So long as the hospitals, bridges, and rail links all get built in the end, we should be pleased if the private sector can find a more efficient way to do it. The trouble is that no one is really convinced, under the

current design for the PFI, that it will genuinely generate long-term savings for the Exchequer, instead of being just an expensive and bureaucratic way of postponing the bills.

In the Treasury's words, the point of the PFI was that "the public sector does not contract to buy services, it contracts to buy assets". The idea is that firms retain ownership of the infrastructure they build (or at least part ownership). They then sell the services rather than the asset either directly to customers, or to the government. Firms operating new toll roads and bridges would sell swift passage to motorists. New hospitals would be rented to the doctors and nurses who made up the NHS trust.

This could be a smart move. Companies who know they have to operate the hospital building, or the IT system, or the bridge, may take a lot more care avoiding long-term design faults than companies who just hand the whole thing over to government and let them deal with future breakdowns.

In the jargon, this means sharing the risks. Under the old model, the public sector often took on the entire risk of unforeseen accidents, delays, and additional costs. As a result the new British Library is eight years late, at immense cost to the taxpayer. However, when a new computer system supplied to government under the PFI by Andersen Consulting recently broke down, Andersen had to foot the unexpected bill.

When risk-sharing provides contractors with the incentive to reduce costs and avoid problems—effectively



to reduce and manage the risk of something going wrong—then the new arrangements can make savings for everyone. Michael Jack, the Financial Secretary, has claimed that projects under the PFI are currently generating savings of around 7 per cent compared with the public sector alternatives.

But there is no point in burden-

taxpayer is still getting value for money.

Still, for many people, costly investment will still be better than no investment at all. Given that the Government is so touchy about its precious public sector borrowing requirement and the search for tax cuts, few have much hope in extra funds for capital investment in the future.

For many people, costly investment will still be better than no investment at all

ing private sector companies with risks that are better and more cheaply borne by government. All that happens then is that the contract—be it rent for hospitals or cash for computer services—goes up in price to compensate companies for the extra uncertainty they are taking on.

Given, too, that it is more expensive for the private sector to borrow money to invest than for the Government, you have to be pretty sure that the risks transferred do provide the incentives for a better, more efficient service, to believe that the

If the private sector have got the money to do it, why not let them?

In some cases, where the repayment on the private money comes from user charges such as tolls, this is a good argument. The toll-payers may be forking out more each time they cross the bridge than if the Government had paid for it, but at least they have a bridge to cross now. They may even prefer paying more in tolls and less in taxes.

But many of these services are not sold directly to individual customers, they are sold to the state. NHS trusts

pay the rent for their new wing—on behalf of the Department of Health and ultimately the taxpayer. Capital investment that appears on the PSBR today is being replaced by current charges on the government balance sheet tomorrow. And if those charges are higher than what would have been if the government just carried out the investment itself, then tomorrow's taxpayer is getting a raw deal.

As Labour's shadow chief secretary, Andrew Smith, argued in a speech to the Public Private Partnerships Programme earlier this week: "It is a mistake to think that private finance can in some way circumvent macro-economic constraints on public investment."

This, then, is the test for the Private Finance Initiative. While it is a means to draw on the skills and experience of the private sector to do exactly what it does best, the PFI could be an extremely valuable addition to public sector management. Once it becomes a way to push capital spending off the government balance sheet, to reduce government borrowing today, then the taxpayers of tomorrow are in trouble.

Foreign Exchange Rates

| Country | Spot | 1 month | 3 months | D-Mark | Spot |
|--------------|---------|---------|----------|--------|--------|
| US | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Canada | 2.2222 | 2.2222 | 2.2222 | 100 | 0.0072 |
| Germany | 2.2673 | 2.2673 | 2.2673 | 100 | 0.0072 |
| France | 6.0114 | 6.0114 | 6.0114 | 100 | 0.0072 |
| Italy | 2.2673 | 2.2673 | 2.2673 | 100 | 0.0072 |
| Spain | 16.6667 | 16.6667 | 16.6667 | 100 | 0.0072 |
| UK | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Japan | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Sweden | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Norway | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Denmark | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Netherlands | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Belgium | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Australia | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| New Zealand | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| South Africa | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| India | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| China | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Indonesia | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Malaysia | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |
| Singapore | 1.5577 | 1.5577 | 1.5577 | 100 | 0.0072 |

Other Spot Rates

| Country | Sterling | Dollar |
|-----------|----------|---------|
| Argentina | 12542 | 0.0987 |
| Australia | 16.8399 | 10.7090 |
| Brazil | 15648 | 10.005 |
| China | 22.944 | 8.3760 |
| Egypt | 5.2357 | 3.4051 |
| Finland | 72.399 | 4.6923 |
| Ghana | 28963.30 | 1953.30 |
| Greece | 372.788 | 239.550 |
| India | 55.0719 | 35.4000 |
| Kuwait | 0.4673 | 0.3303 |

Forward rates quoted high to low are at a discount. Rates quoted low to high are at a premium.

*Dollar rates quoted as reciprocal.

†The latest London exchange rates are 0.8891 for the pound sterling, 1.0000 for the dollar and 0.8991 for the Swiss franc.

Captain prepared to ride out the storm

During his year in office the Rugby Football Union secretary, Captain Tony Hallett RN, seems to have been beset by one angry squall after another. If it was the Five Nations, then it was the Home Nations, or the English clubs, or their players, and all of this without pause to take stock.

Today Hallett, 51, who does not enjoy universal support in the RFU after his first 12 months in office, faces his most difficult moment yet at the RFU annual meeting in London. But he is expecting that. He also expects to win over the body politic of the game and persuade them, among other things, that the £87.5m broadcasting deal with BSkyB is a good move, and that there is little likelihood of England being

thrown out of the Five Nations because of it.

But he will be crossing uncharted waters at the Hilton Hotel, London, this afternoon. There are rumours that Cliff Brittle, controversially elected as chairman of the executive in January, will try to take the floor. If he does then Hallett may find he has a mutiny on his hands.

The urbane former secretary to the chiefs of staff during the Falklands War remains phlegmatic. Logic and reason are his weapons. "Firstly the agenda of the AGM is immutable," Hallett asserts. "It is set and you cannot disturb it at this hour." So much for a possible coup then.

As far as the BSkyB deal goes Hallett is adamant. "There is no way the meeting could overturn

Tony Hallett, secretary of the Rugby Football Union, will face tough questioning at its AGM today. David Llewellyn reports

the decision. The committee takes decisions on behalf of the game in this country, just like any other company's board of directors and the contract is legal and binding. That's a fact."

As for rumblings from Brittle's supporters and the possible intervention by the executive chairman himself, Hallett points out: "Cliff Brittle is not scheduled to speak to the meeting. It would be normal practice for the incoming [John Richardson] and outgoing [Bill Bishop] presidents, after all they are the principal players on this occasion, to cover whatever points the union wishes to make. And I would not expect

any member, even a senior officer of the union, to speak outside the agenda." Brittle has been warned.

Hallett is forearmed. "It's been a year of lots of challenges," he acknowledges, "but it's also been a lot of fun. I think some people have found out that I thrive in those circumstances. If I don't get a problem a day I start to wonder whether there is something wrong with the game."

But he does admit the possibility of resignation loomed recently when there appeared to be no solution in sight to the dispute with the English Professional Rugby Union Clubs (Epruc).

"To me the wholeness of the game is what a governing body is about," he said. "So if there had been a breakaway by the clubs, then that would have been an issue over which I would certainly have considered resigning."

"But I would only resign on a principle of not being able to deliver what I believe the RFU is there to do, which is to be the guardian of the whole game. Since I am, in effect, the senior executive, if we had been unable to keep the game together, then I would have seen that as being a failure on my part and therefore I would have considered resigning."

As it is, resignation is the last

thing on Hallett's mind as he gathers his thoughts and his cohorts for what promises to be the roughest AGM in RFU history. With or without the threat of Brittle and his huge army of support the RFU were always going to come under a broadside from the floor over the BSkyB-Five Nations issues.

To that end they took it upon themselves to draw up an explanation to explain their motives and reasoning. They are, according to Hallett, merely conforming to an International Board regulation which allows individual unions the right to negotiate their own broadcasting contracts - exercised by France for the last 12 years of the Five Nations Championship.

In the past, RFU annual meetings have attracted little or

no attention: this year's will be markedly different.

Hallett is aware that the meeting will be difficult, to say the least, yet he remains optimistic. "I expect it to be stormy at first," he says.

"And I'm expecting a meeting that will wish to examine exactly how the BSkyB contract was arrived at, under whose authority and its principal implications. I believe there is a logical and legal answer to any of the queries that may be raised."

But at the end of a year of dissection in the ranks Hallett wants to accentuate the positive. "The annual report is good, with success on and off the field for England. There was the acceptance by the union of the Bishop Commission report and there is the Coopers and Ly-



Hallett: Ready for criticism

brand report into the running and infrastructure of the RFU. A report which will take the union into the age of professionalism and the 21st century. In addition to all that the financial results are probably the best on record against a backdrop of so many uncertainties following the game's decision to go open last August."

Theatre of the absurd at the ICC

Cricket

DEREK PRINGLE

The International Cricket Conference's appointment of a new chairman elect has been deferred until next July, leaving one of the most important posts in cricket, dangling for another year.

It is a patently absurd state of affairs, and one that the current chairman, Sir Clyde Walcott, admitted to being unsatisfactory at yesterday's press conference. As a result, he is setting up a rules review committee, that will look into the ageing constitution to see if suitable changes can be made.

At present that constitution states that any prospective candidate for the chair who wishes to gain election, requires at least a two-thirds majority of full member countries (the nine Test-playing nations) as well as an overall majority, which includes the votes of associate members.

However, when none of the three candidates standing achieved this, an impasse was reached. Mind you, what appeared on the surface as another boring stand-off by the ICC on Wednesday evening, was still crackling with electricity and subterfuge yesterday, when the ICC's annual meeting finally drew to a close.

Officially, the main reason given for the deferral, was that the rules of the constitution had not been met. Unofficially, however, it is seen by many as nothing more than a move to block the path of Jagmohan Dalmiya, in the hope that a more suitable candidate comes forward, such as Ali Bacher, in time for next year's meeting.

Dalmiya, the controversial millionaire from Calcutta, whose radical ideas to globalise the game have made certain Test-playing countries wary. Others, though, see him as a grenade set to explode the complacency of a game presided over by an archaic elite at Lord's.

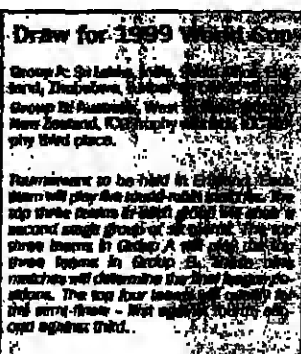
Either way, the ICC chief executive, David Richards, would not be drawn into divulging where the various votes went. Although after Krish Mackender withdrew following the first ballot, it is widely believed that Dalmiya had 25 votes to Malcolm Gray's 13.

with two countries abstaining. In other words a clear overall majority.

The more crucial full member vote, however, is thought to have been levelled at four each with one abstention. Incensed, Dalmiya apparently left the meeting intent on seeking British legal advice and he, for one, is clearly not going to let things lie until next year, when Sir Clyde Walcott officially steps down.

As eighth seeds, England will have been happy with their draw for the 1999 World Cup, despite ending up in the same group as the cup holders, Sri Lanka.

With 12 teams competing in two groups - including the top three teams from the ICC Trophy held in Malaysia early next year - it uses a more competitive format than its predecessor.



To get to the final, England will have to finish in the top three of Group A, which includes India, South Africa, Zimbabwe, and the runners-up of the ICC trophy. They will avoid meeting both the West Indies and Australia in the early stages.

Should they prevail - and with home advantage they ought to - they will progress to a six team super-league where each team will play the others once. From there the top four teams will go through to the semi-finals, the winners meeting in a showpiece final at Lord's.

White halls and coloured clothing will be used over 50 overs, though there will be no provision for day/night matches. Each match will have one extra day set aside for rain. In all 42 matches are scheduled, five more than were played in the last World Cup.

DRAW FOR THE NUTALL TROPHY QUARTER-FINALS: Lancashire v Derbyshire; Surrey v Somerset; Hampshire v Essex; Sussex v Yorkshire. (Ties to be played on Tuesday 30 July).



Close to the edge: the peloton has no chance to admire the view as they chase a four-rider breakaway between Gap and Valence yesterday

Photograph: Phil Cole/Allsport

Chepe skates to front and walks tall

ROBIN NICHOLL

with the Tour de France

There was treachery a wheel in the warm lavender-scented air of the Rhône valley as the cry of *crevasion* (puncture) normally heard from the Tour de France riders came constantly from the publicity caravan.

Decorated vehicles advertising shoes, fruit, and sports shoes, plus official cars and Press vehicles, were parked on the roadside with their drivers changing tyres. Most found nails embedded in their flattened tyres. Then the cavalcade was hounded by small shop-owners demonstrating against their loss of trade to supermarkets.

The CRS, the French security force, loaded in a small bus, made their way forward to deal with the protesters, but had to walk the last 300 metres where their vehicle had a puncture. Demonstrators insisted that

they were not responsible for the punctures, but Tour organisers filed legal action against the organising union, the Confederation in Defence of Shop-owners and Artisans. In a statement organisers condemned "the cowardly behaviour and malevolence which imperilled the safety of riders and the running of the race. They have acted on the threats they made when we had discussions with them."

Fifty kilometres behind the débacle, the race was going flat out, and arrived in Valence where a Colombian, known to the taxman as Jose Jaime Gonzalez Pico, and to his mates as Chepe, performed more mischief. Launching his elfin 1.67m into winning mode at the inflated arch that marks the final kilometre, he deflated his seven co-leaders.

He crossed the line gesticulating in sheer delight at his first European success. Chepe has

twice won the Tour of Colombia, still 40 seconds clear of the Russian Yevgeny Berzin and 53sec ahead of the Swiss Tony Rominger, who injured his right knee in a fall while descending

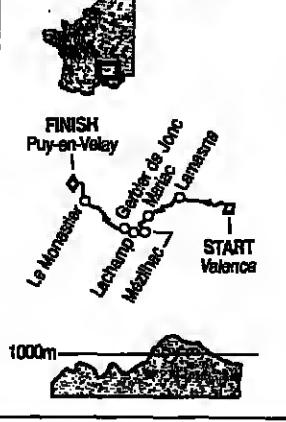
Yesterday: Stage 11

Gap to Valence Thursday 11 July, 125 miles



Today: Stage 12

Valence to La Puy-En-Velay Friday 12 July, 89 miles



one of the day's many hills.

Even after his victory, nearly three minutes clear of Riis and his rivals, Chepe is still more than an hour and 13 minutes away from the yellow jersey, but walking tall. "It's the most important victory of my life and an enormous surprise," he said. "When I decided to attack I thought the rest will not believe that such a small Colombian would do such a thing."

His mountainous homeland has produced a number of jockey-sized specialists in mountain climbing. Luis Herrera and Fabio Parra led an invasion in the 1980s, and a European team then without a Colombian was indeed out of fashion.

For Britain's Olympic team, the day was not so happy. Max Sciandri quit before the first climb in pain from a damaged muscle in his left knee. "Every time I turned the pedals it got worse and worse. I could not go any further," he said. The

British-born Italian will consult a specialist because his next big date, the Olympic road race, is less than three weeks away.

Chris Boardman, the remaining Briton, finished with the main pack, as he rides out into unknown territory. He retired from his first Tour two years ago during the 11th stage.

TOUR DE FRANCE (13th stage, 125 miles). Gap to Valence: 1st Chepe (Col) 4h 13m 13s; 2nd Riis (Den) 4h 16m 13s; 3rd Berzin (Rus) 4h 16m 46s; 4th Rominger (Sui) 4h 17m 13s; 5th Parra (Col) 4h 17m 13s; 6th Herrera (Col) 4h 17m 13s; 7th Parra (Col) 4h 17m 13s; 8th Parra (Col) 4h 17m 13s; 9th Parra (Col) 4h 17m 13s; 10th Parra (Col) 4h 17m 13s; 11th Parra (Col) 4h 17m 13s; 12th Parra (Col) 4h 17m 13s; 13th Parra (Col) 4h 17m 13s; 14th Parra (Col) 4h 17m 13s; 15th Parra (Col) 4h 17m 13s; 16th Parra (Col) 4h 17m 13s; 17th Parra (Col) 4h 17m 13s; 18th Parra (Col) 4h 17m 13s; 19th Parra (Col) 4h 17m 13s; 20th Parra (Col) 4h 17m 13s; 21st Parra (Col) 4h 17m 13s; 22nd Parra (Col) 4h 17m 13s; 23rd Parra (Col) 4h 17m 13s; 24th Parra (Col) 4h 17m 13s; 25th Parra (Col) 4h 17m 13s; 26th Parra (Col) 4h 17m 13s; 27th Parra (Col) 4h 17m 13s; 28th Parra (Col) 4h 17m 13s; 29th Parra (Col) 4h 17m 13s; 30th Parra (Col) 4h 17m 13s; 31st Parra (Col) 4h 17m 13s; 32nd Parra (Col) 4h 17m 13s; 33rd Parra (Col) 4h 17m 13s; 34th Parra (Col) 4h 17m 13s; 35th Parra (Col) 4h 17m 13s; 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Brolin set to make return to Italy

Football

MARK BURTON

Tomas Brolin looks poised to move back to Italy after just one season at Leeds. The Swedish international has agreed personal terms with newly promoted Serie A side Verona.

A fee has yet to be agreed but even if that deal fell through, Fiorentina are also interested, so it now seems extremely unlikely that Brolin will be at Elland Road next season. Leeds want to recoup a large chunk of the £4.5m they spent

on recruiting Brolin from Parma last November but are prepared to take a loss on the deal. Arsenal are thought to be about to make a £2m offer for the Georgian-born defender-cum-midfielder Omar Tetteh. The 26-year-old Tetteh, who plays for Alania Vladikavkaz, was one of the few success in a disappointing Russian performance in Euro 96.

Middlesbrough's assistant manager, Viv Anderson, has dismissed speculation that the England striker Nick Barmby could be on his way to Newcastle as a replacement for the ap-

parently departing French midfielder David Ginola. Anderson said Barmby was happy at the Riverside Stadium and was looking forward to playing alongside the club's new signings, Fabrizio Ravanelli and Emerson, next season.

It is by no means certain that Ginola intends to move on, however. His agent, Oliver Grumler, is angry at rumours about his client moving. "Don't believe what the newspapers say. Rumours saying David has already spoken to Barcelona are rubbish," he said.

Middlesbrough's unsettled

midfielder Jamie Pollock is not a target for Aston Villa. "I am not trying to sign Jamie Pollock," Brian Little, the Villa manager, said. "I like the lad but my priorities lie in other positions of the team."

Michael Thomas did not join Liverpool's training session yesterday, the midfielder instead choosing to fly to Italy to talk to the Serie A club Reggina. He is still considering the offer of a three-year contract at Anfield, but if the Reggina talks come to nothing, another option could be provided in Italy by Perugia.

The Sheffield Wednesday

manager, David Pate, is apparently interested in signing Wimbledon's 31-year-old defender John De Wolf, after they settled up with him for the remainder of his contract. De Wolf, who cost Wolves £600,000 from Feyenoord in December 1994, is to return to the Netherlands.

Sheffield United have signed the Belarus international Peter Kachuro from Dynamo Minsk for an undisclosed fee. The 23-year-old striker played for the Belarus side that defeated the Netherlands in the European Championship qualifiers.

wanted by Stockport County. Wolves have given a free transfer to the former Dutch international central defender, John De Wolf, after they settled up with him for the remainder of his contract. De Wolf, who cost Wolves £600,000 from Feyenoord in December 1994, is to return to the Netherlands.

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Russia's coach attacks Kharin

Dimitri Kharin, the Chelsea goalkeeper, was yesterday asking being more interested in making money from Euro 96 than playing in it. Kharin came in for criticism from Oleg Romanov during the Russian coach's resignation speech in the wake of his side's first-round exit from the tournament.

In a 90-minute speech at a Russian football federation meeting in Moscow, Romanov accepted blame for the team's performances in England, which included a 2-1 defeat by Italy, a 3-0 rout by Germany and a 3-3 draw with the Czech Republic.

Romanov admitted his team selections had been at fault but he attacked Kharin, Igor Shalimov and Sergei Kiryakov accusing them of setting poor "ethical standards" by being interested "mostly in financial issues at the expense of the game".

Russia went into Euro 96 in disarray. Romanov sent Kiryakov home for "dissent" and made wholesale changes to a team severely criticised for not showing enough character.

The Russian football federation have named assistant coach Boris Ignatyev to replace Romanov, who had taken over the team following the squad's disappointing performance at the 1994 World Cup.

Porto, the Portuguese champions, have filled the vacancy left by Bobby Robson's departure to manage Barcelona by appointing Antonio Oliveira, the 44-year-old coach of the national team. Under Oliveira, Portugal reached the quarter-finals of Euro 96 where they lost to the eventual beaten finalists, the Czech Republic. A former Porto player, Oliveira has also coached Sporting Lisbon, Guimaraes and Maritimo.

Diego Maradona has said he wants to make an international return to football, two years after he was expelled from the World Cup finals in the United States for drug-taking. "People ask me to and some old faces can still contribute some things," he said.



Emily Portas is congratulated after winning the Maxi Cost Winter 128cms Championship at Hickstead yesterday

Photograph: Adam Scott

Robert enjoys repeat success

Equestrianism

GENEVIEVE MURPHY reports from Hickstead

Michel Robert, of France, and Stanny van Paesschen, of Belgium, repeated their opening day successes of the last Hickstead meeting in May, winning the first two contests of the Royal International Horse Show on the same two horses.

It was a long time to wait for the action replay. With contests in the main arena running 90 minutes late, evening shadows

were lengthening by the time Robert collected his prize on Albano Montecillo.

Nick Skelton, who had not jumped here for more than two years, looked as though he had made a triumphant return when he was fast and clear on Cathleen but two of the next three horses recorded faster times.

Another Briton, William Funnell, was the first to do so on Comex - but Robert was not to be outdone. He sped round to finish 0.51sec faster, leaving Funnell second and Skelton third.

Van Paesschen won the

earlier West Sands International Chase on the consistent Capricious des Six Cents. "He's fantastic and very careful, but he won't jump a combination if it's not right for him," the rider said of his 10-year-old mount.

Van Paesschen is the only competitor who will be on his Olympic partner, Mulga Bill, on tomorrow's King George V Gold Cup. Unlike the British and Germans, whose horses are already in Atlanta for acclimatisation, the Belgian show jumpers will not be leaving until 24 July - only five days before

the compulsory qualifying competition. The Swiss horses are travelling on the same flight.

As Van Paesschen pointed out, horses make longer journeys to Calgary in Canada and Monterey in Mexico shortly before the shows begin. "So the flight is nothing," he said.

The Belgian horses have worked on a treadmill at home, under simulated conditions of the heat and humidity in Atlanta. Mulga Bill, born and reared in the foothills of the Snowy Mountains in Australia, lost more weight than the other horses but

he is a sturdy 17 hands, so he probably shed about the same percentage of his weight as the rest.

Three more sessions are planned in simulated Atlanta conditions - this time at a steady walk - before the Belgian horses face the real thing. Everyone will wait to see whether their late arrival will help or hinder them.

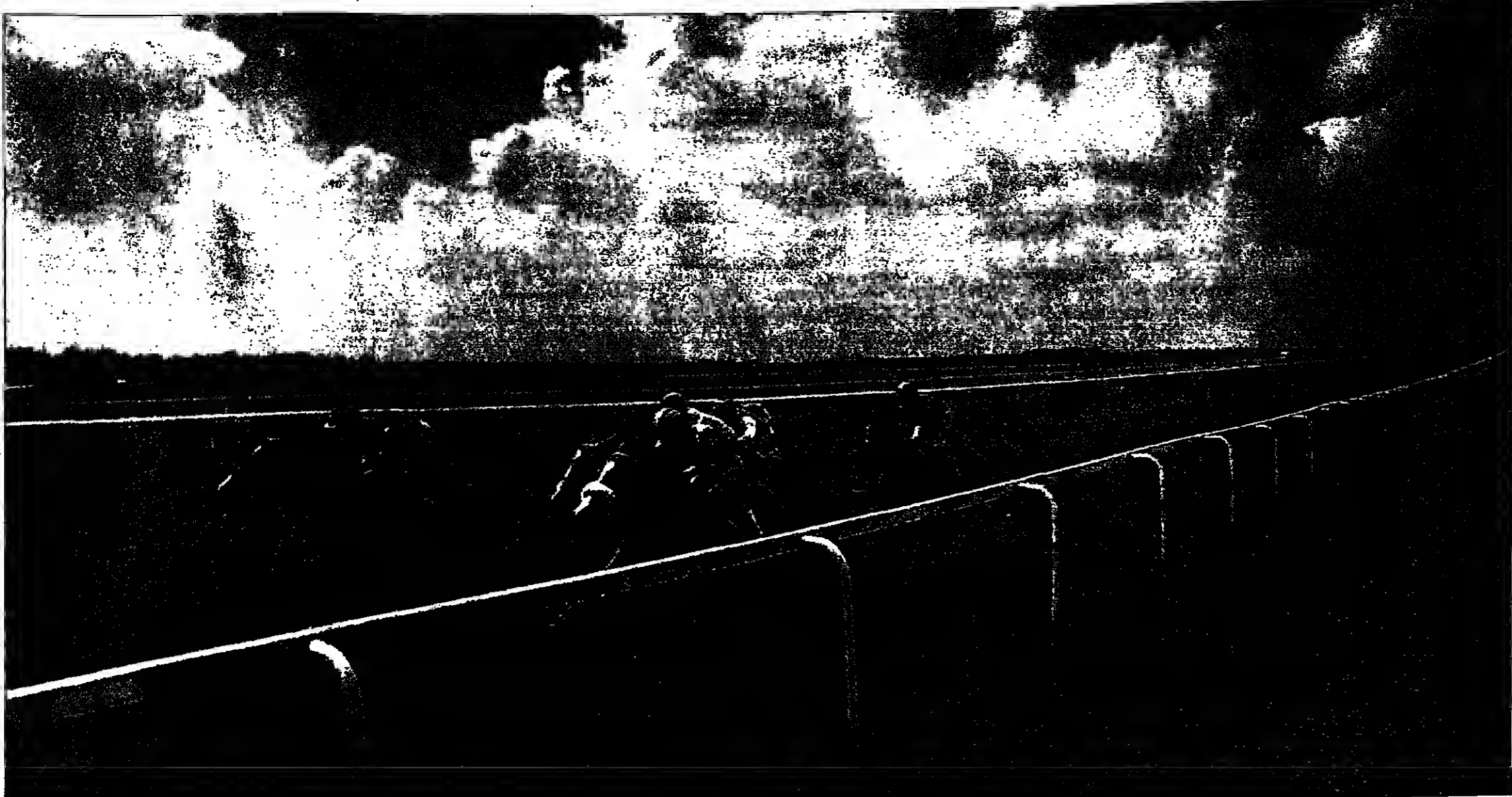
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SPORT

BEFORE THE GOLD RUSH

Linford Christie talks exclusively to Mike Rowbottom

Newmarket's empty expanses provide impressive backdrop for Superlative Stakes



Kevin Darley helps Recondite (left) to emerge from relative obscurity to win the first race at long odds at Newmarket yesterday

Photograph: Robert Hallam

Hill is still target of jibes from champion

Motor racing

DERICK ALLSOP reports from Silverstone

The bodywork and verbal clashes have given way to polite appreciation of late, but then it has been that sort of a season and Michael Schumacher is willing to acknowledge Damon Hill as a worthy world champion.

However, lest we should think the game has gone and they have all moved on, Schumacher teased his old adversary a few bars yesterday and warned: "Damon had better believe I will come back to try to take the championship away from him next year. I am only lending it him."

During the build-up to the British Grand Prix last year the pair exchanged cutting comments, Hill's description of Schumacher as a "clone" being misunderstood in Germany and translated as "clown". After their collision in the race, Hill was generally depicted as the "clown" or "prat" as his boss, Frank Williams, reportedly called him although both drivers were officially reprimanded over the incident.

This time they have arrived with Hill a comfortable championship leader with even Schumacher being unable to turn the Ferrari into a regular threat to the Williams-Renault. The German still hopes to give the Englishman more of a fight before the season is out, but accepts the inevitable outcome.

Schumacher said: "Damon's made a couple of mistakes but he has had some good races as well. I believe he will be a worthy champion."

Asked whether Hill would be worthy of the £12m he is said to be seeking for next season, Schumacher could not resist a mischievous reply: "Like."

A win for Hill here on Sunday would be his 20th, equalling the German's total. Schumacher offered his perspective: "I have won two championships, he has won none. Doesn't that tell you something?"

Hill, who leads his team-mate, Jacques Villeneuve, by 27 points and Schumacher by 57, dismissed the championship "loan" theory. "I don't think the championship is down to Michael," he said.

"I think this race will be the toughest of the season. The competition is getting closer and Jacques is getting closer."

Hill is aware, however, that he is expected to deliver a home victory. "I want to give Britain a British victory and you can rest assured I'll be trying darned hard to make it happen."

GOLF

ANDY FARRELL

reports from Carnoustie

For two days at the Scottish Open, a westerly has swept across the Carnoustie links. A "wee breeze" the locals call it. Lee Westwood is not impressed. "If anyone else tells me this is a 'wee breeze', I think I'll throttle them," he said. The steward on the 16th hole got a lucky escape. Westwood had a 74, about par for the day, and is three over for the tournament, the same score as Colin Montgomerie after he shot a 77.

The Scot finished three behind the level par scores of Ian Woosnam, Russell Claydon and Jay Townsend. The latter two both shot their second succes-

sive 72s. Only three players broke par. Peter Baker, Greg Turner and Mats Hallberg with 71s. Woosnam, who started the day two under with Montgomerie, was happy with his 74. Carnoustie is a handful on a calm day, and some of the pin placements were out of the mischievous department of the European Tour. "It is not often I am pleased with a 74, but I am today," said the Welshman, who in contrast with his bogey finish on Wednesday, birdied 16 and 17 thanks to a late alteration in this putting set-up.

"It is a game of patience and you just try to hang on. I'm not thinking of winning. Anything can happen at any time. Four over could win if the wind keeps blowing."

Montgomerie went to the turn in 40 and despite making birdies the two par-fours on the back nine, the 12th and 14th, was back in 37. He complained of finding some unfortunate lies, but at the last two holes had only himself to blame for hitting into the hay. "I'm a great believer in tough courses. Well, I was," he said. "I didn't drive the ball well, but I'm still in with a shout of winning."

Anders Forsbrand, who shot a 79 in the first round, withdrew yesterday with an injury to his right wrist after playing five holes of his second round before pulling out and attending the physiotherapy unit for treatment.

Forsbrand said the injury to ligaments in his wrist could keep him out of next week's

Open at Royal Lytham, but he hoped to play. He said he had been advised not to hit any balls until Sunday night at the earliest.

Switzerland's Andre Bossert also pulled out, leaving the course after three holes without telling officials why and was only disqualified. He was believed to have broken his driver.

While all around were less than agog with the conditions, the man from Gog Magog, near Cambridge, is anchored down by a substantial frame, more so than Montgomerie. Claydon does not follow the Monty diet and produced the closing stretch of the day. He closed the 512-yard 14th to a drive and a pitching wedge, holing a putt from 25 feet for an eagle. Then he hit a two-iron

to a foot at the 17th and an eight-iron to five feet at the last.

Claydon's incentive this week is a place in the Open and he can secure one by being one of the top-five finishers who are not already exempt.

Townsend would also appreciate giving the final qualifying a miss. He has tried seven times to get through to big one, but never made it. "I have never had much success on links courses," said Townsend, who plays the European Tour from his Florida base.

"The boys over here grew up with it, while I'm still learning. It would be great to play in the Open. It's the biggest championship in the world, which is some statement coming from an American."

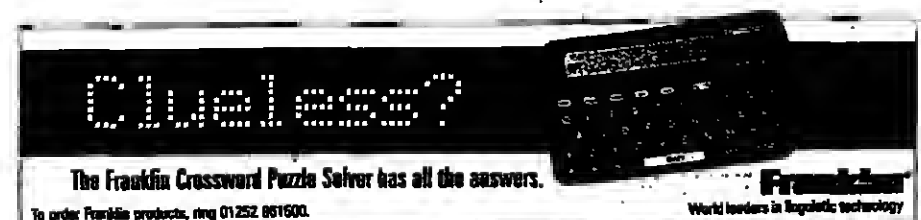
Of Townsend's compatriots

who play the US Tour and are visiting for the first time, Paul Goydos shot one of four rounds of 85. The US Amateur champion, Tiger Woods, shot a respectable 75, as did Jim Furyk, a man who has a swing that on a calm day looks like he is playing in a gale. He finished at 15 over and said: "These Scots must be a hard lot to play in this for fun. Does the par change with the seasons? It must be up to 82 in winter."

SCOTTISH OPEN (Carnoustie) Early second round scores (R or M means double bogey): 344 J Townsend (US) 72, 72, R Claydon 72, 72, J Woosnam 70, 74, 346 P Baker 74, 71, P Lawrie 71, 74, 348 R Albury (Aus) 71, 75, M Hallberg (Swe) 73, 75, 349 G Turner 72, 75, 350 P Forsbrand 71, 76, L Westwood 73, 74, C Montgomerie 70, 77, 348 P O'Sullivan (Ire) 73, 75, M Mackenzie 72, 78, 351 S Ewart (SCO) 72, 78, 349 P Harrison (Swe) 73, 74, P Mitchell 75, 74, P Ffrench (Swe) 73, 74, J Coore (Aus) 72, 77, J Rivers (SCO) 71, 78, 350 A Collier 72, 78, A Collier 74

75, D Smith 75, 75, T Goggin (Ger) 74, 76, 343 S Sutherland (SCO) 75, 76, O Robertson 76, 75, G Brand 74, 77, E Romo (Arg) 80, 71, M Gane 76, 75, P McGinley 75, 76, A Sheehan 79, 75, J Byrne 78, 72, O Galloway 74, 77, 346 S Hughes (Aus) 75, 74, S Marchbank 76, 76, J Barwick (Swe) 74, 78, S McIndoe 78, 74, M Cronberg (Swe) 76, 76, C Oatley (Ire) 76, 78, R Goosen (SA) 75, 77, 353 R Briggs 76, 78, P Eales 78, 75, R Ruffery 77, 76, S Somerville 76, 77, S Lyle 79, 74, E Ebe (SBO) 76, 77, T Jones (US) 76, 77, P Spence (Swe) 75, 78, A O'Donnell 77, 76, 344 P Barker (Aus) 73, 81, P A Johnston (Swe) 79, 75, P Harrington 76, 78, D Scott 77, 77, S Field 79, 75, D A Russell 78, 76, 355 D Clarke 80, 73, I Panchan (Ire) 78, 77, 1 Pymon 76, 79, M Miller 79, 78, P Lister (SCO) 79, 77, 356 T Woods (US) 81, 75, C Rocco (US) 76, 80, M Jonzon (Swe) 79, 77, P Wey 80, 76, L Lunn 78, 78, 8 Pospisil (SA) 79, 77, W Riley (Aus) 74, 82, 357 M Roe 73, 84, G Orr 78, 79, J Robson 81, 76, S Tringali (Ire) 74, 83, J Spence 76, 83, G Emerson 75, 82, F Barrett (Ire) 80, 77, P Goggin (US) 72, 85, M A Jimenez (SCO) 76, 81, 358 R Willison 77, 81, J Haggman (Swe) 76, 82, R Chapman 81, 77, 8 Lane 78, 78, P Price (Aus) 83, 75, P Burke (US) 79, 79, C Gilies 80, 79, M Linton 79, 79, M Pinero (SCO) 79, 79, M Laver (Swe) 77, 81, 359 R Weir 82, 77, J Purk (US) 84, 75, M Campbell (NZ) 79, 80, 360 A Webster 79, 81, D Howell 77, 83, R Burns 78, 82, 361 P Jervanen (US) 79, 82, S McCarron (US) 81, 80, F Howley 78, 83, 362 H Clark 79, 83, T Born (Den) 77, 85, M Besencony (Ire) 82, 80, M Wile 77, 85, 363 S Bannister 82, 81, J Robinson 82, 81, O Chopra (Swe) 80, 83, 364 S Mackenzie 82, 82, 365 M Davis 80, 85, 366 R Woodie (SA) 83, 80, Discontinued: A Bossert (Swe), M Harwood (Aus), Retired: A Forsbrand (Swe).

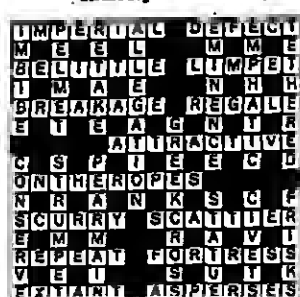
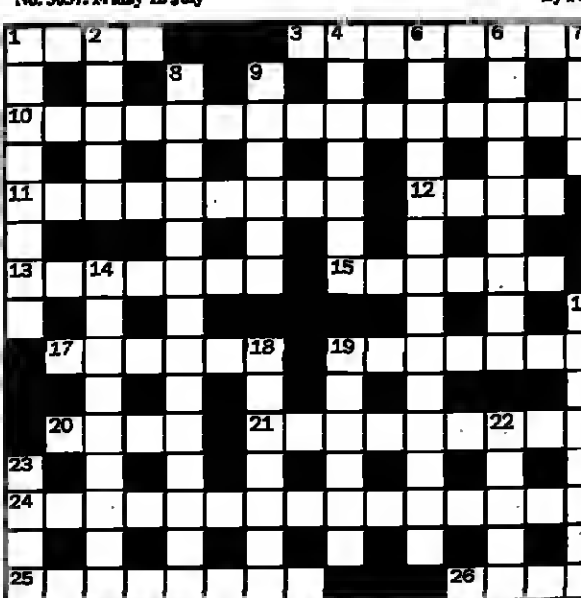
THE INDEPENDENT CROSSWORD



No. 3637, Friday 12 July

By Phil

Thursday's Solution



ACROSS

- 1 Specialist army group - hard band (4)
- 3 Second cricket club with a wrong form of footwear (8)
- 10 Old plane to circle? There's pointer to provide emergency assistance (4,2,3,6)
- 11 What a rising businessman expects of an hotel? (5,4)
- 12 Sound of ringing? Friend's ringing Spain (4)
- 13 Slender part of Kate Moss I like to view from behind! (7)
- 15 Crater perhaps giving group of wolves some hesitation (6)

- 17 Was the first poster to be centre of attention (6)
- 19 Road (main road) leading to the wharf (7)
- 20 Gloomy doctor admitting you after first one's cancelled (4)
- 21 Trial cast performing for composer (9)
- 24 Funny puns I can do, mate, without a hint of delay! (5-2, 8)
- 25 Not quarrelling with a timeless salutation (8)
- 26 A lot of ladies drink (4)

- DOWN
- 1 US spies on British - only exterior is friendly! (8)
- 2 Pacific island with a doctor within its con-
- 4 Finished with friend after turning up common ground? (7)
- 5 Crisp celery we tossed out's containing a host of nasty insects (6-8)
- 6 Religious rite seen in Californian city, nothing less (9)
- 7 Born and died in poverty (4)
- 8 Scene of "pitched" battle? (8,6)
- 9 Some of the finest RAF engines seen in attack from the air (6)
- 14 Various outrages about Spielberg's foremost denizen of Jurassic Park? (9)
- 16 Chap that is caught in US city gets mild punishment? (8)
- 18 Scattered sand put in waste receptacle (4-3)
- 19 Girl's quiet with a boy (6)
- 22 Baron in endless attempts to form a family (5)
- 23 Scots lassie in Burntisland (4)

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Wiseman elected chairman of FA

Football

CLIVE WHITE

He may not have been the professionals' first choice as chairman of the Football Association. Indeed, he is only vice-chairman of his club, Southampton. But the FA Council voted him in yesterday as its successor to Sir Bert Millichip. Needless to say, Keith Wiseman was a surprise winner from the quartet of four candidates for the most powerful position in English football.

The election went to a third ballot in which Wiseman defeated the "county man" and favourite, Geoff Thompson, by 49 votes to 37. The two men had led in the second ballot at 36 votes each, which had seen the professional game's preferred candidate, Dave Richards, the Sheffield Wednesday chairman, make an unexpectedly early exit. Sir David Hill-Wood, the fourth contender and chairman of the FA's Finance Committee, had been eliminated after the first ballot.

Whether the professionals will be whooping with delight at what they might see as a major victory in their battle for greater power within the FA remains to be seen. Coming from a medium-sized professional club, Wiseman sees himself as "somewhere over the middle of the road" in that balance of power.

The diplomatic air of the general 51-year-old solicitor, however, may conceal a harder edge than that of his predecessor, Sir Bert - another legal eagle - to whom he is junior by some 31 years.

Wiseman clearly has his sights set on reforming the unwieldy 90-man FA Council which has jealousy guarded its power for

the best part of a century. He is under no illusions about what action the professionals might take should they refuse to release some of its executive powers. "A persuading job," is how he reads his role in it.

"For a number of years what needs to be done has been pretty clear," Wiseman said. "It's important that there's a strong executive committee or board able to take a fair proportion of decisions and not perhaps to have to refer too much on to a very much larger body. However, it is also right to say



Wiseman: won on third ballot

that the FA Council quite properly sees themselves as guardians of certain aspects of the game and they will want to feel satisfied that they are co-trusting that power to a body that's appropriately constituted and made up. There is a persuading job to be done, but I don't see it as anything that's impossible to achieve.

"The arrival of the year 2000 in lots of sports does somehow give added impetus to getting these sort of things right. And I'm sure we will be the same."

The millennium coincides with a two-fold target for Wiseman: modernisation of the Council's management structure and approval to stage the 2006 World Cup. "The decision on that is made in the year 2000, I believe. Euro 96 has shown that it has the ability to run the very largest and most complex of tournaments and we should try to build on that and host the World Cup again."

Wiseman's election to the role of chairman means that the FA is left with one remaining position to fill amongst its hierarchy, that of technical director which with the recent appointment of Glenn Hoddle as coach will be given some urgency now by the FA now, according to its chief executive Graham Kelly.

Wiseman, who had played a major part in the selection of Hoddle, was asked whether he hoped one of his own players at The Dell, Matt Le Tissier, would figure in future selections. He replied: "I hope that Matt performs in this coming season in a way that will make his re-emergence on the national scene inevitable. I think that's the best way of putting it."

On the matter of his own position becoming a full-time appointment, Wiseman would only say that he would give it some attention, noting how much the job had changed since Sir Bert assumed the reins 15 years ago. The domestic game is at a crucial stage in its development and Wiseman's role in it will be of paramount importance. He knows that he must bring peace to the bickering factions, otherwise the part-time coroner could find himself presiding over an untimely death.

More football, page 29

MORSE



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